

# **One Hundred Seventh Legislature - Second Session - 2022**

## **Introducer's Statement of Intent**

### **LB1209**

---

**Chairperson: Senator Lou Ann Linehan**

**Committee: Revenue**

**Date of Hearing: February 25, 2022**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB1209 corrects an issue regarding the sales and use tax exemption for manufacturing machinery and equipment ("MM&E").

Due to the unique nature of Nebraska sales and use tax laws for contractors, there have been situations where MM&E that qualifies for the exemption loses its exemption when installed by one type of contractor but remains exempt when installed by other types of contractors.

LB1209 would allow the purchaser/manufacturer who is qualified to claim the exemption to issue a Purchasing Agent Authorization ("PAA") to its contractor. This allows any contractor to purchase and sell the MM&E free of sales and use tax.

Nebraska already allows nonprofit organizations to issue a PAA to their contractors so as to maintain their sales and use tax exemptions. This bill mirrors that provision of law.

**Principal Introducer:** \_\_\_\_\_

**Senator Lou Ann Linehan**