

# Governmental Entities

## Sales and Use Taxes

Revised December, 2009

For more information, check our  
website: [revenue.nebraska.gov](http://revenue.nebraska.gov).



The purpose of this information guide is to explain the sales and use tax responsibilities of governmental entities. This guide is revised periodically to reflect statutory changes. Contact the Nebraska Department of Revenue to ensure you are using the most current issue. This guide does not address private schools, colleges or universities. Refer to Nebraska Sales and Use Tax Regulation 1-092, for information on educational institutions.

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*This guidance document may change with updated information or added examples. The Department recommends you do not print this document. Instead, sign up for the [subscription service](#) at [revenue.nebraska.gov](http://revenue.nebraska.gov) to get updates on your topics of interest.*

### Overview

The following governmental entities are exempt\*\* from payment of sales and use tax:

- ✓ The U.S. Government, its agencies, **and corporations wholly owned by the United States government**;
- ✓ A Nebraska county;
- ✓ A Nebraska city, village, or township;
- ✓ A Nebraska county, village, or township library;
- ✓ A Nebraska rural or suburban fire protection district;
- ✓ A Nebraska natural resource district;
- ✓ An elected Nebraska County Fair Board;
- ✓ The State of Nebraska;
- ✓ A Nebraska city, county, or joint airport authority;
- ✓ A Nebraska irrigation or reclamation district;
- ✓ A Nebraska drainage district organized under Chapter 31, Article 4, of the Nebraska Revised Statutes;
- ✓ A Nebraska housing agency (formerly known as housing authorities) as defined under [Neb. Rev. Stat. § 71-1575](#);
- ✓ A Nebraska public educational institution recognized or established under [Neb. Rev. Stat. § 85](#);
- ✓ A Nebraska public school or learning community established under [Neb. Rev. Stat. § 79](#);
- ✓ A Nebraska joint entity or agency (among two or more tax exempt counties, townships, cities, or villages) formed to fulfill the purposes described in the Integrated Solid Waste Management Act, Interlocal Cooperation Act, or the Joint Public Agency Act;
- ✓ The Nebraska Investment Finance Authority; and
- ✓ A Nebraska irrigation division of any public power and irrigation district.

**This list has been updated.**

**\*\*Exception:** Purchases by governmental entities for use in providing electricity, gas, heat, or water are taxable (See Joint Use of Facilities below). This exception does not include purchases made by a Nebraska irrigation or reclamation district or a Nebraska irrigation division of any public power and irrigation district used in providing electricity, gas, heat, or water. In addition, purchases by **volunteer fire departments** are taxable.

## Governmental Entities That Are NOT Exempt From Sales and Use Tax

All governmental entities not listed above must pay tax. Governmental entities that must pay tax include, but are not limited to:

- County agricultural or historical societies;
- Railroad transportation safety districts;
- Rural water districts;
- Sanitary and improvement districts;
- Organizations using funds or grants from governmental entities;
- Governmental entities of other states unless the reciprocal exemption in section 77-2704.43 applies; and
- Weed districts.

## Joint Use of Facilities

If a governmental entity uses a piece of equipment in more than one department, the purchasing department's tax status will determine if tax is due on the purchase. For example, a purchase of a truck by the sewer department is exempt, even though the truck will also be used by the water department.

If the property purchased is paid for jointly by a taxable department and an exempt department, tax will be due on the portion paid by the taxable department.

When a city or other governmental entity uses the general fund to purchase equipment which will be used by different departments, tax is due on the amounts reimbursed from the funds of the departments which are not exempt from tax.

Charges made between departments for joint use of facilities, such as duct space or pole space, are exempt.

## Documentation of Exempt Purchases

**Federal.** Sales to the U.S. Government or its agencies, must be supported by either a federal certificate of exemption or payment with a U.S. Treasury warrant.

For purchases made with federal government issued charge cards see the [Nebraska Sales Tax Guide For Charge Card Purchases by the United States \(Federal\) Government Employees](#).

**This is updated information.**

Persons residing on federally owned military housing areas must pay tax on all purchases delivered to their residences from private vendors.

**State or Local.** State and local governmental entities may make tax exempt purchases if the invoice is paid directly by the purchasing governmental entity. This must be in the form of a warrant or check from the governmental entity, or by funds

electronically transferred to the vendor from the governmental entity along with a completed [Nebraska Resale and Exempt Sale Certificate, Form 13](#).

Payment made with charge cards, or personal checks, of a state or local government official or employee, is not considered to be paid directly by the governmental entity. Tax must be collected if the state or local governmental unit does not make payment via one of the direct payment methods indicated above, along with a completed Form 13. The governmental entity may subsequently request a refund from the Department of Revenue if proof can be produced showing that the purchase was made by the governmental entity.

**This is updated information.**

## Construction Contracts

The sales and use tax exemption only applies if the governmental entity is, either directly or through its contractor, purchasing the materials annexed to real estate and the annexed property is owned by the governmental entity or will become the property of the governmental entity after it is completed. Governmental entities may purchase the building materials tax-free by either of two methods:

- ✓ The governmental entity purchases all building materials tax free by issuing the supplier a Nebraska Resale or Exempt Sale Certificate, Form 13, with section B completed; or
- ✓ The governmental entity appoints the contractor as a purchasing agent using the Purchasing Agent Appointment and Delegation of Authority for Sales and Use Tax, Form 17. The Form 17 must be issued prior to annexation of materials by the contractor. The contractor or subcontractor will then provide an exempt sales certificate (Form 13) and a copy of the purchasing agent appointment (Form 17) to its suppliers.

If the contractor pays tax on building materials used in the completion of a contract for a governmental entity, the entity, other than the U.S. Government and the State of Nebraska, may obtain a refund of such taxes paid. A refund is applied for by filing a Claim for Overpayment of Sales and Use Tax, Form 7.

During the course of developing property, a contractor may be required to make public improvements without charge to an exempt governmental entity. The governmental entity cannot issue a Form 17 to the contractor/developer for building materials associated with those improvements. The contractor/developer is required to pay tax on purchases of materials used in the construction of such improvements.

The contractor must pay tax on all tools and supplies used in the completion of projects with governmental entities.

## Sales Made by Governmental Entities

Governmental entities are required to collect tax on their sales of property and services which are subject to tax except where federal law prohibits such collection. If the collection of the tax is prohibited by federal law, the purchaser must pay the tax directly to the Nebraska Department of Revenue.