

Revenue Ruling 29-91-1

Economic Development Tax Incentives

Supersedes Revenue Ruling 29-89-2

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Economic Development Tax Incentives – Peripheral Components. PERIPHERAL COMPONENTS MUST DIRECTLY COMMUNICATE WITH THE MAINFRAME BUSINESS COMPUTER TO QUALIFY FOR EXEMPTION FROM PERSONAL PROPERTY TAX. THIS RULING IS EFFECTIVE FOR APPLICATIONS FILED BEFORE JANUARY 1, 1988.

Advice has been requested as to what peripheral components may qualify for the exemption from personal property tax provided in the Employment and Investment Growth Act.

The Act allows a property tax exemption for three classes of property located in the state of Nebraska and used in connection with a project within the state that meets the requirements set out in section 77-4105(2), R.S.Supp., 1987.

Section 77-4105(2)(b), R.S.Supp., 1987, provides an exemption from personal property tax for:

Mainframe business computers . . . plus all peripheral components connected to such Computers;

In determining what peripheral components qualify for the exemption from personal property tax, the following definitions will be used by the State Tax Commissioner:

PERIPHERAL COMPONENTS

Peripheral - Operation of input/output and other devices not under direct computer control; most commonly used to designate the transfer of information between magnetic tapes and other media.

Component - A basic part; an element.

Peripheral Equipment - The input/output units and auxiliary storage units of a computer system, attached by cables to the central processing unit (CPU). Used to get data in and data out, and to act as a reservoir for large amounts of data that cannot be held in the CPU at one time. Graphics tablets, visual display terminals, and floppy disk drives are examples of peripheral equipment.

Peripheral components, therefore, shall mean all devices which are used to input business information into the CPU of the mainframe, to output business information after being processed by the CPU, or to store either processed or

unprocessed business information for use at a later time. Such devices need not be maintained within the temperature and humidity controlled environment required for the mainframe, nor shall they require additional controls of voltage beyond those normally maintained by the utilities supplier.

Upon receipt of a Nebraska Personal Property Return, Form 775P, the Nebraska Department of Revenue shall determine whether each item claimed qualifies for exemption. This determination will be made in accordance with section 77-4105(2)(b), R.S.Supp., 1987, subject to the definitions contained in this ruling. Applicants will be required to provide sufficient explanation and documentation in support of each item's claim for exemption.

APPROVED:

M. Berri Balka
State Tax Commissioner

March 11, 1991
