

## Revenue Ruling 29-91-2 Economic Development Tax Incentives

*Supersedes Revenue Ruling 29-89-3*

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Economic Development Tax Incentives – Peripheral Components. ONLY THOSE PERIPHERAL COMPONENTS SPECIFICALLY ENUMERATED IN THE EMPLOYMENT AND INVESTMENT GROWTH ACT QUALIFY FOR EXEMPTION FROM PERSONAL PROPERTY TAX. THIS RULING IS EFFECTIVE FOR APPLICATIONS FILED ON AND AFTER 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., 1988.

Section 77-4105(2)(b), R.S.Supp., 1988, provides an exemption from personal property tax for:

Mainframe business computers . . . plus all peripheral components which require environmental controls of temperature and power connected to such computers. Computer peripheral components shall be limited to additional memory units, tape drives, disk drives, power supplies, cooling units, and communication controllers;

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

PERIPHERAL COMPONENTS - These devices are specifically enumerated in the Employment and Investment Growth Act and are limited to additional memory units, tape drives, disk drives, power supplies, cooling units, and communication controllers which directly communicate with the central processing unit (CPU). These peripheral components shall be located in a temperature and humidity controlled environment which is capable of being sustained within the manufacturer's specifications, independent from the ambient conditions of the surrounding work area. If these devices are located within a building exclusively used to house the system, the building must be supported by environmental controls of temperature and humidity capable of maintaining the environmental tolerances within the manufacturer's specifications. The power controls must maintain controlled levels of voltage within the limits prescribed by the mainframe manufacturer.

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., 1988, subject to the definition 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

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