

**§2557. Exemptions**

The tax imposed by this chapter does not apply in connection with: [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**1. Exemptions by constitutional provisions.** Sales that this State is prohibited from taxing under the constitution or laws of the United States or under the constitution of this State; [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**2. Certain governmental entities.** Sales to the State or any political subdivision, or to the Federal Government, or to any unincorporated agency or instrumentality of either of them or to any incorporated agency or instrumentality of them wholly owned by them. This exemption does not apply to corporations organized under Title IV, Part E of the federal Farm Credit Act of 1971, 12 United States Code, Sections 2211 to 2214; [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**3. Hospitals, research centers, churches and schools.** Sales to:

A. Incorporated hospitals; [PL 2005, c. 622, §10 (NEW).]

B. Incorporated nonprofit nursing homes licensed by the Department of Health and Human Services; [PL 2005, c. 622, §10 (NEW).]

C. Incorporated nonprofit residential care facilities licensed by the Department of Health and Human Services; [PL 2005, c. 622, §10 (NEW).]

D. Incorporated nonprofit assisted housing programs for the elderly licensed by the Department of Health and Human Services; [PL 2005, c. 622, §10 (NEW).]

E. Incorporated nonprofit home health agencies certified under the United States Social Security Act of 1965, Title XVIII, as amended; [PL 2005, c. 622, §10 (NEW).]

F. Incorporated nonprofit rural community health centers and incorporated nonprofit federally qualified health centers. For the purposes of this paragraph, "federally qualified health center" means a health center that is qualified to receive funding under Section 330 of the federal Public Health Service Act, 42 United States Code, Section 254b and a so-called federally qualified health center look-alike that meets the requirements of Section 254b; [PL 2015, c. 510, §2 (AMD); PL 2015, c. 510, §3 (AFF).]

G. Incorporated nonprofit dental health centers; [PL 2005, c. 622, §10 (NEW).]

G-1. Incorporated nonprofit medical clinics whose sole mission is to provide free medical care to the indigent or uninsured; [PL 2009, c. 361, §21 (NEW); PL 2009, c. 652, Pt. A, §65 (AFF).]

H. Incorporated nonprofit organizations organized for the sole purpose of conducting medical research; [PL 2005, c. 622, §10 (NEW).]

I. Incorporated nonprofit organizations organized for the purpose of establishing and maintaining laboratories for scientific study and investigation in the field of biology or ecology; [PL 2005, c. 622, §10 (NEW).]

J. Institutions incorporated as nonprofit corporations for the purpose of operating educational television or radio stations; [PL 2005, c. 622, §10 (NEW).]

K. Schools; [PL 2005, c. 622, §10 (NEW).]

L. Incorporated nonprofit organizations or their affiliates whose purpose is to provide literacy assistance or free clinical assistance to children with dyslexia; and [PL 2005, c. 622, §10 (NEW).]

M. Regularly organized churches or houses of religious worship. [PL 2005, c. 622, §10 (NEW).] [PL 2015, c. 510, §2 (AMD); PL 2015, c. 510, §3 (AFF).]

**4. Other institutions.** Sales to incorporated private nonprofit residential child care facilities that are licensed by the Department of Health and Human Services as residential child care facilities; [PL 2007, c. 438, §59 (AMD).]

**5. Nonprofit fire departments and nonprofit ambulance services.** Sales to incorporated nonprofit fire departments, to incorporated nonprofit ambulance services and to air ambulance services that are limited liability companies all of whose members are nonprofit organizations; [PL 2007, c. 419, §2 (AMD).]

**6. Community mental health facilities, community adult developmental services facilities and community substance use disorder facilities.** Sales to mental health facilities, adult developmental services facilities or substance use disorder facilities that are:

A. Contractors under or receiving support under the federal Community Mental Health Centers Act, or its successors; or [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

B. Receiving support from the Department of Health and Human Services pursuant to Title 5, section 20005 or Title 34-B, section 3604, 5433 or 6204; [PL 2007, c. 438, §§59, 60 (AMD).] [PL 2017, c. 407, Pt. A, §161 (AMD).]

**7. Regional planning commissions and councils of government.** Sales to regional planning commissions and councils of government that are established in accordance with Title 30-A; [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**8. Historical societies, museums and certain memorial foundations.** Sales to incorporated nonprofit memorial foundations that primarily provide cultural programs free to the public, historical societies and museums; [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**9. Child care facilities.** Sales to licensed, incorporated nonprofit child care facilities; [PL 2015, c. 300, Pt. A, §34 (AMD).]

**10. Certain church-affiliated residential homes.** Sales to an incorporated church-affiliated nonprofit organization that operates a residential home for adults; [PL 2015, c. 300, Pt. A, §34 (AMD).]

**11. Medical patients and their families.** Sales to incorporated nonprofit organizations providing:

A. Temporary residential accommodations to pediatric patients suffering from critical illness or disease such as cancer or who are accident victims, to adult patients with cancer or to the families of the patients; or [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

B. Temporary residential accommodations, or food, or both, to hospital patients or to the families of hospital patients; [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).] [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**12. Emergency shelter and feeding organizations.** Sales to incorporated nonprofit organizations that provide free temporary emergency shelter or food for underprivileged individuals in this State; [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**13. Child abuse and neglect prevention councils; child advocacy organizations; community action agencies.** Sales to:

A. Incorporated, nonprofit child abuse and neglect prevention councils as defined in Title 22, section 3872, subsection 1-A; [PL 2009, c. 204, §13 (AMD).]

B. Statewide organizations that advocate for children and that are members of the Medicaid Advisory Committee; and [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

C. Community action agencies designated in accordance with Title 22, section 5324; [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]  
[PL 2009, c. 204, §13 (AMD).]

**14. Certain libraries.** Sales to any nonprofit free public lending library that is funded in part or wholly by the State or any political subdivision or the Federal Government;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**15. Veterans' memorial cemetery associations.** Sales to incorporated nonprofit veterans' memorial cemetery associations;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**16. Nonprofit volunteer search and rescue organizations.** Sales to incorporated, nonprofit volunteer search and rescue organizations;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**17. Incorporated nonprofit hospice organizations.** Sales to incorporated nonprofit hospice organizations that provide a program or care for the physical and emotional needs of terminally ill patients;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**18. Nonprofit youth organizations.** Sales to nonprofit youth organizations whose primary purpose is to provide athletic instruction in a nonresidential setting or sales to councils and local units of incorporated nonprofit national scouting organizations;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**19. Certain incorporated nonprofit educational organizations.** Sales to incorporated nonprofit educational organizations that are receiving, or have received, funding from the Department of Education and that provide educational programs specifically designed for teaching young people how to make decisions about drugs, alcohol and interpersonal relationships at a residential youth camp setting;  
[PL 2009, c. 211, Pt. B, §32 (AMD).]

**20. Charitable suppliers of medical equipment.** Sales to local branches of incorporated international nonprofit charitable organizations that provide, on a loan basis and free of charge, medical supplies and equipment to persons;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**21. Organizations fulfilling wishes of children with life-threatening diseases.** Sales to incorporated nonprofit organizations whose sole purpose is to fulfill the wishes of children with life-threatening diseases when their families or guardians are unable otherwise to financially fulfill those wishes;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**22. Incorporated nonprofit providers of certain support systems for single-parent families.** Sales to incorporated nonprofit organizations engaged primarily in providing support systems for single-parent families for the development of psychological and economic self-sufficiency;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**23. Nonprofit home construction organizations.** Sales to local branches of incorporated nonprofit organizations whose purpose is to construct low-cost housing for low-income people;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**24. Vietnam veteran registries.** Sales to incorporated, nonprofit organizations whose sole purpose is to create, maintain and update a registry of Vietnam veterans;  
[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**25. Organizations providing certain services for persons who are hard of hearing.** Sales to incorporated nonprofit organizations whose primary purposes are to promote public understanding of hearing loss and to assist persons who are hard of hearing through the dissemination of information about hearing loss to the general public and referral to and coordination of community resources available to persons who are hard of hearing;

[PL 2021, c. 348, §57 (AMD).]

**26. State-chartered credit unions.** Sales to credit unions that are organized under the laws of this State. This subsection remains in effect only for the time that federally chartered credit unions are, by reason of federal law, exempt from payment of the tax imposed by this chapter;

[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**27. Nonprofit housing development organizations.** Sales to nonprofit organizations whose primary purpose is to develop housing for low-income people. For the purposes of this subsection, "low-income" means having income that is less than 120% of the median income for the area, adjusted for family size, as established by the United States Department of Housing and Urban Development or its successor organization;

[PL 2023, c. 441, Pt. A, §2 (AMD); PL 2023, c. 441, Pt. A, §3 (AFF).]

**28. Eye banks.** Sales to nonprofit organizations whose primary purpose is to obtain, medically evaluate and distribute eyes for use in corneal transplantation, research and education;

[PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

**29. Centers for innovation.** Sales to centers for innovation as described in Title 5, section 13141;

[PL 2005, c. 218, §35 (AMD).]

**30. Sales for resale.** Sales of services to another service provider for resale;

[PL 2007, c. 627, §71 (AMD).]

**31. Construction contracts with exempt organizations.** Sales to a construction contractor or its subcontractor of fabrication services that are to be physically incorporated in, and become a permanent part of, real property for sale to any organization or government agency provided exemption under this section, except as otherwise provided by section 2560;

[PL 2007, c. 627, §72 (AMD).]

**32. Prepaid calling service.** Sales of prepaid calling service;

[PL 2007, c. 627, §73 (NEW).]

**33. International telecommunications service.** Sales of international telecommunications service to a business for use directly in that business;

[PL 2015, c. 267, Pt. TTTT, §4 (AMD); PL 2015, c. 267, Pt. TTTT, §9 (AFF).]

**34. Interstate telecommunications service.** Sales of interstate telecommunications service to a business for use directly in that business;

[PL 2015, c. 267, Pt. TTTT, §5 (AMD); PL 2015, c. 267, Pt. TTTT, §9 (AFF).]

**35. Certain fabrication services.** The production of tangible personal property if a sale to the consumer of that tangible personal property would be exempt or otherwise not subject to tax under Part 3;

[PL 2015, c. 267, Pt. TTTT, §6 (AMD); PL 2015, c. 267, Pt. TTTT, §9 (AFF).]

**36. Fuel used at a manufacturing facility.** Ninety-five percent of the sale price of fabrication services for the production of fuel for use at a manufacturing facility as defined in section 1752, subsection 6-A;

[PL 2015, c. 267, Pt. TTTT, §7 (AMD); PL 2015, c. 267, Pt. TTTT, §9 (AFF).]

**37. Certain veterans' support organizations.** Sales to incorporated nonprofit organizations organized for the purpose of providing direct supportive services in the State to veterans and their families living with service-related post-traumatic stress disorder or traumatic brain injury; [PL 2017, c. 445, §2 (AMD); PL 2017, c. 445, §5 (AFF).]

**38. Nonprofit library collaboratives.** Sales to nonprofit collaboratives of academic, public, school and special libraries that provide support for library resource sharing, promote quality library information services and support the cultural, educational and economic development of the State; and [PL 2017, c. 445, §2 (AMD); PL 2017, c. 445, §5 (AFF).]

**39. Certain support organizations for combat-injured veterans.** Sales to incorporated nonprofit organizations organized for the primary purpose of operating a retreat in the State for combat-injured veterans and their families free of charge. [PL 2017, c. 445, §3 (NEW); PL 2017, c. 445, §5 (AFF).]

The exemptions provided in this section apply only when an exempt entity purchases a service for its own use or on its own behalf and do not apply when an exempt entity pays for the service for the use of or on behalf of another person. [PL 2003, c. 673, Pt. V, §25 (NEW); PL 2003, c. 673, Pt. V, §29 (AFF).]

For the purposes of subsections 33 and 34, in determining whether a particular customer is a business or nonbusiness customer, a telecommunications company may rely upon existing customer classifications maintained in its books and records, such as "individual," "consumer," "enterprise," "business," "corporate" or "government." A telecommunications company is not required to change the customer classifications the telecommunications company maintains in its books and records. If as a result of an audit a telecommunications company is required to change a customer's status to that of a business customer or to a nonbusiness customer for purposes of applying the tax, the change applies prospectively only. [PL 2009, c. 434, §36 (NEW).]

#### SECTION HISTORY

PL 2003, c. 673, §V25 (NEW). PL 2003, c. 673, §V29 (AFF). PL 2005, c. 218, §§35,36 (AMD). PL 2005, c. 622, §§10-12 (AMD). PL 2007, c. 419, §2 (AMD). PL 2007, c. 438, §§59, 60 (AMD). PL 2007, c. 627, §§71-75 (AMD). PL 2009, c. 204, §13 (AMD). PL 2009, c. 211, Pt. B, §32 (AMD). PL 2009, c. 361, §21 (AMD). PL 2009, c. 434, §§32-36 (NEW). PL 2009, c. 652, Pt. A, §65 (AFF). PL 2011, c. 542, Pt. A, §140 (AMD). PL 2015, c. 267, Pt. TTTT, §§4-8 (AMD). PL 2015, c. 267, Pt. TTTT, §9 (AFF). PL 2015, c. 300, Pt. A, §34 (AMD). PL 2015, c. 510, §2 (AMD). PL 2015, c. 510, §3 (AFF). PL 2017, c. 407, Pt. A, §161 (AMD). PL 2017, c. 445, §§2, 3 (AMD). PL 2017, c. 445, §5 (AFF). PL 2021, c. 348, §57 (AMD). PL 2023, c. 441, Pt. A, §2 (AMD). PL 2023, c. 441, Pt. A, §3 (AFF).

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