

Summary of General Provisions of Nebraska Tax Incentive Programs Under LB 312

Qualifications									
	Nebraska Advantage Rural Development Act			Nebraska Advantage Act					
Provision	Level 1	Level 2	Livestock Modernization	SUPER Advantage (Tier 6)	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Begins	1/1/2006	1/1/2004	1/1/2007	4/18/2008	1/1/2006				
Ends	N/A			N/A	12/31/2015	N/A	12/31/2015	N/A	
Application	Required			Required					
Application Fee	\$500			\$10,000	\$1,000	\$2,500		\$5,000	\$2,500
Nebraska Location	One county of less than 15,000 inhabitants or one designated enterprise zone	One county of less than 25,000 inhabitants or one designated enterprise zone	Anywhere	Anywhere					
Required Levels									
	Nebraska Advantage Rural Development Act			Nebraska Advantage Act					
Provision	Level 1	Level 2	Livestock Modernization	SUPER Advantage (Tier 6)	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Investment	net gain of \$125,000	net gain of \$250,000	net gain of \$50,000	\$10M [vi] \$100M [vi]				\$10 million [vi] (2008)	\$31 million (2008)
				\$10M (2009) \$102M (2009)				\$11 million (2009)	\$34 million (2009)
				\$10M (2010) \$100M (2010)				\$10 million (2010)	\$32 million (2010)
				\$10M (2011) \$100M (2011)				\$11 million (2011)	\$33 million (2011)
				\$10M (2012) \$106M (2012)				\$12 million (2012)	\$36 million (2012)
				\$10M (2013) \$109M (2013)				\$12 million (2013)	\$37 million (2013)
			\$11M (2014) \$110M (2014)	\$12 million (2014)	\$37 million (2014)				
Employment	2	5	none	75 50	10	30		100	no loss
Wage Level	\$ 8.57 (2005) \$ 8.93 (2006) \$ 9.25 (2007) \$ 9.72 (2008) \$10.28 (2009) \$10.73 (2010) \$10.86 (2011) \$11.13 (2012) \$11.56 (2013) \$11.96 (2014)		N/A	Higher of 200% of county average and 150% of state average weekly wage <a href="#">Required Annual Wages by County</a>	60% [i] (\$18,905 for 2006) (\$19,452 for 2007) (\$20,281 for 2008) (\$21,136 for 2009) (\$21,742 for 2010) (\$21,742 for 2011) (\$22,394 for 2012) (\$22,961 for 2013) (\$23,561 for 2014)				
<a href="#">Indexing [vii]</a>	Wage level		N/A	Wage and investment levels					
Attainment Period	Up to 2 tax years			Up to 5 tax years		Up to 7 tax years	Up to 5 tax years	Up to 7 tax years	
Entitlement Period	2 tax years			10 years	6 or 7 tax years	7 tax years	6 or 7 tax years	7 tax years	
Carryover Period	N/A			1 year	0 to 3 tax years	2 to 8 tax years	0 to 3 tax years	2 to 8 tax years	N/A
Maintenance Period	3 tax years after credits earned		N/A	Entitlement period					
Eligible Participant	3 tax years after credits earned. Person subject to income tax or financial institutions tax. A partnership, limited liability company, corporation, S corporation, joint venture, or cooperative.			Person who is or whose owners are subject to sales and use tax and withholding tax or is exempt under section 521 of IRC.					
Business Activities									
	Nebraska Advantage Rural Development Act			Nebraska Advantage Act					
Provision	Level 1	Level 2	Livestock Modernization	SUPER Advantage (Tier 6)	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Research & Development	Qualified		Non-qualified	Qualified					
Manufacturing of Tangible Personal Property (TPP)	Qualified		Non-qualified	Qualified					

<a href="#">Software Development, Computer Design [iii]</a>	N/A	Non-qualified	Qualified						
Data Processing	Qualified	Non-qualified	Qualified	Non-qualified	Qualified				
Telecommunications	Qualified	Non-qualified	Qualified	Non-qualified	Qualified				
Insurance Services	Qualified	Non-qualified	Qualified	Non-qualified	Qualified				
Financial Services	Qualified	Non-qualified	Qualified	Non-qualified	Qualified				
Warehousing, Distribution of TPP	Qualified	Non-qualified	Qualified	Non-qualified	Qualified				
Transportation of TPP	Qualified	Non-qualified	Qualified	Non-qualified	Qualified				
<a href="#">Retail Sales of TPP if more than 20% is: [iii]</a>	Qualified	Non-qualified	Qualified	Non-qualified	Qualified				
Retail Sales of TPP if more than 75% is delivered to purchasers in another state	Non-qualified	Non-qualified	Qualified	Non-qualified	Qualified				
Administrative Management	Of any taxpayer activity	Non-qualified	Qualified	Non-qualified	Of any activity of taxpayer or entities with 10% common ownership.				
Ranching & Livestock Operation	Qualified		Qualified	Non-qualified					
Farming Operation	Non-qualified		Qualified	Non-qualified					
Restaurants	Non-qualified		Non-qualified						
Contractor & Repair Person	Non-qualified		Qualified	Non-qualified					
Most Retailers Except those Stated Above	Non-qualified		Non-qualified						
All Other Activities	Non-qualified		Qualified	Non-qualified					
<b>Benefits</b>									
	<b>Nebraska Advantage Rural Development Act</b>			<b>Nebraska Advantage Act</b>					
<b>Provision</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Livestock Modernization</b>	<b>SUPER Advantage (Tier 6)</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>	<b>Tier 5</b>
Direct Refund of Sales Tax on Qualified Property or an Aircraft	N/A			Property placed in service in attainment and entitlement periods.	50% of tax on property placed in service in attainment and entitlement periods.	Property placed in service in attainment and entitlement periods.	N/A	Property placed in service in attainment and entitlement periods.	
Investment Credit on Qualified Property	\$2,750 investment credit earned for each \$50,000 net gain in qualified property available for use.		10% of investment, limit of \$30,000	15% investment credit earned from date of application through end of the entitlement period.	3% investment credit earned from date of application through end of the entitlement period.	10% investment credit earned from date of application through end of the entitlement period.	N/A	10% investment credit earned from date of application through end of the entitlement period.	N/A
Credit on Employment Growth	\$3,000 employment credit earned for each new full time equivalent Nebraska employee.		N/A	10% of taxable wage of all non-base year employees.	Compensation credit equal to percentage of taxable wages of new employee.				N/A
<a href="#">Personal Property Tax Exemption [iv]</a>	N/A			Aircraft from year after application. All other personal property at project after reaching the required levels. Through ninth December 31 after the year of qualification.	N/A			Aircraft from year after application. Other after reaching the required levels. Through ninth December 31 after the year of qualification.	N/A
<b>Use of Credits</b>									
	<b>Nebraska Advantage Rural Development Act</b>			<b>Nebraska Advantage Act</b>					
<b>Provision</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Livestock Modernization</b>	<b>SUPER Advantage (Tier 6)</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>	<b>Tier 5</b>
Retain Withholding	N/A			Limited to the amount of compensation credit or withholding attributable to new employees.					N/A

Credit Refund of Sales and Use Taxes Paid on Purchases	Refund of state sales and use taxes. Up to the amount paid on increased investment in the year the credits are earned.	In Nebraska, during the entitlement and carryover period and to the extent of credits earned in a prior year.	At the project, during the entitlement and carryover period and to the extent of credits earned in a prior year.		N/A
Credit to Reduce Income Tax Liability	Refundable credit by a taxpayer filing a NE income tax return.	Credits may be used after other non-refundable credits to pay up to 100% of NE unitary tax liability.			N/A
Distribution of Credits to Owner of Flow-through Entity	Credits may be distributed in the same manner as ordinary income and used to pay up to 100% of NE income tax liability.	Credits may be distributed in the same manner as ordinary income and used to pay up to 100% of NE income tax liability.			N/A
Credit Refund of Real Property Taxes	N/A	At the project, real property acquired or built during the entitlement period to the extent of credits earned in a prior year. Not allowed if property subject to tax increment financing.	N/A		
Qualified Property is Tangible, Depreciable Property	Except for motor vehicles, aircraft, or railroad rolling stock, and property rented to another party.	Except for aircraft, barges, motor vehicles, railroad rolling stock, watercraft, and property rented to another party.	N/A	Except for aircraft, barges, motor vehicles, railroad rolling stock, watercraft, and property rented to another party.	
Owned Property	Valued at original cost.	Valued at original cost.	N/A	Valued at original cost.	
Rented, Qualified Property	Average net annual rent multiplied by a number of years, not to exceed 10 years.	Average net annual rent multiplied by a number of years, not to exceed 10 years.	N/A	Average net annual rent multiplied by a number of years, not to exceed 10 years.	
Reports by Project	1/1/2006	1/1/2007	4/18/2008	1/1/2006	

i --The wages paid must be at least 60% of the state average wage for the application year.

ii-- Software development, computer design, product testing, guidance and surveillance system design, or licensing of technology if 75% of sales are to persons outside the state of Nebraska or to the United States government.

iii-- Retail sale of TPP if more than 20% is: at wholesale; manufactured by seller; or sold to others in a qualified activity.

iv-- Personal property tax exemption on turbine-powered aircraft, mainframe business computers and some peripherals, and equipment involved directly in processing an agricultural product or for LB 312, distribution center equipment used to store or move products.

v-- The investment levels have been indexed and remain the same through 2014.

vi-- The investment levels have been indexed and remain the same through 2008.

vii-- Further indexing does not apply after application filed.