

Nebraska Advantage Rural Development Act, (LB 608) as amended, Qualifying Activity Reported in 2008

The Nebraska Advantage Rural Development Act requires a qualifying business to file an application with the Department. The first applications under LB 608 were accepted for tax years beginning on or after January 1, 2004.

Level 1 project applications require a plan of expansion that includes a minimum of two new full-time equivalent Nebraska employees who are paid at least the minimum required wage, and \$125,000 of net, new investment. The expansion must occur in a county with a population of less than 15,000 inhabitants, or in an enterprise zone. Level 1 applications were first accepted for tax years beginning on or after January 1, 2006.

Level 2 project applications require a plan of expansion that includes a minimum of five new full-time equivalent Nebraska employees who are paid at least the minimum required wage, and \$250,000 of net, new investment. The expansion must occur in a county with a population of less than 25,000 inhabitants, or in an enterprise zone. Level 2 applications were first accepted for tax years beginning on or after January 1, 2004.

If the Level 1 or Level 2 applicant reaches and maintains the required levels of investment and employment, they are eligible for a \$3,000 credit for each new full-time equivalent Nebraska employee and a \$2,750 credit for each \$50,000 net gain in qualified investment. The credits may be used: to obtain a refund of state sales and use taxes paid; may be used against the income tax liability of the taxpayer; or may be used as a refundable credit claimed on the income tax return of the taxpayer.

Livestock Modernization is defined as the construction, improvement, or acquisition of depreciable buildings, facilities, or equipment for livestock housing, confinement, feeding, production, and waste management. The project must have a net investment increase of at least \$50,000. There is no employment increase required. Livestock Modernization project applications were first accepted as of January 1, 2007.

If the Livestock Modernization applicant reaches and maintains the required level of investment, they are eligible to earn credits at 10% of investment. Each project is limited to a maximum of \$30,000 in credits. The credits may be used: to obtain a refund of state sales and use taxes paid; against the income tax liability of the taxpayer; or as a refundable credit claimed on the income tax return of the taxpayer.

The application may be filed on or after the first day of the tax year. The application requests the total amount of expected credits for additional investment and employment in the year the application is filed and the following tax year. There is a statutory limit on the total benefits that may be approved for a year (see table below). The requested benefits are applied to the limit in the order in which the complete applications were filed.

LB 608 Approved Application Activity

Fiscal Year Ending	Number of Applicants	Total Requested Benefits	Statutory Limit on Benefits
06/30/2005	12	\$ 713,000	\$2,500,000
06/30/2006	15	2,086,000	2,500,000
06/30/2007	15	1,555,250	3,000,000
06/30/2008	34	3,000,000	3,000,000
06/30/2009	34	3,000,000	3,000,000

Nebraska Advantage Rural Development Act, continued

Prior to receiving benefits, the Department verifies the project has attained the required investment and employment thresholds. The following table is a summary of all Nebraska Advantage Rural Development business activity through 2008.

Investment	\$16,754,580
New Equivalent Jobs	132
Credits Earned	\$1,201,047
Credits Used	\$996,547

LB 608 Business Activity Processed in 2008 and Before

Projects	Investment	Equivalent Jobs
1	\$3,535,048	4
2	3,146,650	38
3	1,846,349	11
4	1,750,511	6
5	1,222,820	9
6	603,145	0
7	555,232	0
8	445,521	0
9	436,496	0
10	413,922	0
11	392,297	0
12	350,772	7
13	338,681	0
14	315,500	12
15	300,000	8
16	286,467	0
17	282,124	17
18	279,834	20
19	253,211	0
Totals	<u>\$16,754,580</u>	<u>132</u>