

Summary of LB 775 Benefits Approved Through 12/31/97

Table 2 summarizes the credits earned and used and the direct sales/use tax refunds approved for qualified companies through December 31, 1997. Also included are the sales and use tax refunds pending approval at year end. Detail by type of agreement is provided in Table 3.

Detail by industry group is provided in Tables 4 through 8 and 10 through 14. Table 9 breaks down sales tax refunds between city and state tax. Tables 15 through 24 regroup the companies by year of qualification.

Summary of LB 775 Benefits Approved

Table 2

The Department of Revenue has conducted field reviews of companies which filed reports with the department indicating they had to meet the minimum new jobs and investment levels to qualify for incentives. Table 1 shows the number of qualifying companies verified by field review. Based on these examinations, the department has approved:

	1988-93*	1994	1995	1996	1997	Total
Credits Earned						
Investment Credits	\$276,754,835	\$ 87,649,391	\$132,316,992	\$ 87,265,973	\$148,254,617	\$ 732,241,808
New Jobs Credits	114,382,275	45,139,488	43,203,871	40,387,977	39,729,028	282,842,639
Total	<u>\$391,137,110</u>	<u>\$132,788,879</u>	<u>\$175,520,863</u>	<u>\$127,653,950</u>	<u>\$187,983,645</u>	\$1,015,084,447
Credits Used						
Income Tax**	\$93,097,052	\$28,119,249	\$43,701,987	\$50,905,348	\$48,725,683	\$264,549,319
Sales/Use Tax Refunds	<u>\$58,484,775</u>	<u>\$25,576,429</u>	<u>\$32,432,343</u>	<u>\$35,547,699</u>	<u>\$40,400,815</u>	\$192,442,061
Total	<u>\$151,581,827</u>	<u>\$53,695,678</u>	<u>\$76,134,330</u>	<u>\$86,453,047</u>	<u>\$89,126,498</u>	\$456,991,380
Direct Sales/Use Tax Refunds on Investment	\$129,882,474	\$35,016,144	\$39,440,318	\$50,768,751	\$30,092,262	\$285,199,949
Recapture***						
Repaid	\$1,464,476	\$441,417	\$680,555	\$414,659	\$1,066,309	\$4,067,416
From Credits		0	564,176	739,988	424,278	1,728,442
Qualified Investment	\$4,214,388,789	\$1,132,445,384	\$1,498,911,442	\$976,199,731	\$1,773,427,614	\$9,595,372,960
New Jobs of Qualifying Companies	24,876	6,254	8,224	7,704	5,754	52,812
Sales/Use Tax Refunds Pending Approval at Year End		\$26,276,583	\$23,999,488	\$18,907,607	\$42,399,495	

* For details by year see 1995 Annual Report

	1988-93	1994	1995	1996	1997	Total
** Corporate	76,880,646	22,087,541	36,689,563	36,416,262	41,854,411	213,928,423
Individual	16,216,406	6,031,708	7,012,424	14,489,086	6,871,272	50,620,896
Total	93,097,052	28,119,249	43,701,987	50,905,348	48,725,683	264,549,319

*** If a company fails to maintain either the minimum employment or investment required by its agreement, one seventh of the refunds and one-seventh of the credits used are recaptured and one-seventh of the credit carryover at the end of the entitlement period is recaptured for each year the company is below the required levels. Through December 31, 1997, eighteen companies were in recapture. \$2,973,406 in repayment due has been netted from approved refund claims, and \$1,094,009, plus interest, has been repaid in cash. Credit carryover for companies that have reached the end of the entitlement period has been reduced by \$1,728,442.

Description of Application Options

\$20M Investment. Benefits include:

- Election to use “sales only” factor to apportion state taxable income, and
- Direct refund of all sales and use tax paid on purchases of qualified property at the project.

\$3M investment and 30 employees. In addition to the benefits listed above, a \$3M + 30 applicant is eligible for:

- Five percent tax credit on the amount the total compensation paid to employees who are either Nebraska employees or base-year employees exceeds the compensation attributed to base-year employees, and
- Ten percent tax credit on total investment in qualified property.

\$10M investment and 100 employees. In addition to the benefits listed above, a \$10M + 100 applicant is eligible for property tax exemption on:

- Turbine-powered aircraft,
- Mainframe business computers and peripheral components used at the project, and
- Equipment used directly in processing agricultural products.

Please note that a company applying under the \$10M + 100 employee option has a two-part agreement, one at the \$3M + 30 employee level and one at the \$10M + 100 employee level. The companies listed as having applied under the \$10M + 100 employee level may only have qualified under the \$3M + 30 employee portion of their agreement. The only additional benefits available under the \$10M + 100 employee portion of an agreement are the property tax benefits detailed in Tables 25 and 26.

Table 3 shows the total benefits approved for each type of agreement, as described above, through 1997.

Table 4 shows the types of companies that are included in each industry group. The industry groups are based on Standard Industrial Classification (SIC) codes. All industry groups include a minimum of three companies. The options under which companies within each industrial group have qualified are shown in the last column.

Table 3

**Analysis of Benefits Approved by Type of Agreement
(Cumulative Through 1997)**

	\$20 Million 0 Employees	\$3 Million 30 Employees	\$10 Million 100 Employees	Total
Number of Companies	11	117	103	231
Credits Earned				
Investment Credits		\$252,125,190	\$480,116,618	\$ 732,241,808
New Jobs Credits		100,613,733	182,228,906	282,842,639
Total Credits Earned		<u>\$352,738,923</u>	<u>\$662,345,524</u>	<u>\$1,015,084,447</u>
Credits Used				
Income Tax		\$102,623,339	\$161,925,980	\$264,549,319
Sales/Use Tax Refunds		49,595,945	142,846,116	192,442,061
Total Credits Used		<u>\$152,219,284</u>	<u>\$304,772,096</u>	<u>\$456,991,380</u>
Direct Sales/Use Tax Refunds on Investment	\$65,509,630	\$70,036,644	\$149,653,673	\$285,199,947
Qualified Investment	\$2,273,766,597	\$2,521,251,623	\$4,800,354,740	\$9,595,372,960
New Jobs of Qualifying Companies		18,797	34,015	52,812
Sales/Use Tax Refunds Pending Approval at Year End (12-31-97)	\$4,532,025	\$13,448,550	\$24,418,920	\$42,399,495