



Nebraska Advantage Act

Richard Baier

Director of the Nebraska Department
of Economic Development

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Nebraska Advantage

Economic Development Incentives



Updated 2-2009

NEBRASKA ADVANTAGE INCENTIVES MATRIX

	NEBRASKA ADVANTAGE		
	TIER ONE	TIER TWO	TIER THREE
INVESTMENT	\$1,000,000	\$3,000,000	0
JOB CREATION	10	30	30
QUALIFIED BUSINESSES	Research and Development Scientific Testing Manufacturing Targeted Export Services (75% of sales outside Nebraska or to the U.S. Government) • Software Development Services • Computer Systems Design • Product Testing Services • Guidance or Surveillance Systems • Technology Licensing Retail Sales of TPP if 20% is at wholesale, manufactured, or to someone else in qualified business	Research and Development Scientific Testing Data Processing Telecommunications Insurance Financial Services Manufacturing Distribution Storage/Warehousing Transportation Headquarters (Administrative) Targeted Export Services (75% of sales outside Nebraska or to the U.S. Government) • Software Development • Computer Systems Design • Product Testing Services • Guidance or Surveillance Systems • Technology Licensing Internet Web Portal Retail Sales of TPP if 20% is at wholesale, manufactured, or to someone else in qualified business	Research and Development Scientific Testing Data Processing Telecommunications Insurance Financial Services Manufacturing Distribution Storage/Warehousing Transportation Headquarters (Administrative) Targeted Export Services (75% of sales outside Nebraska or to the U.S. Government) • Software Development • Computer Systems Design • Product Testing Services • Guidance or Surveillance Systems • Technology Licensing Internet Web Portal Retail Sales of TPP if 20% is at wholesale, manufactured, or to someone else in qualified business
INVESTMENT CREDITS	Yes: 3%	Yes: 10%	N/A
WAGE CREDITS	Sliding scale job credit on new employee compensation whose wage is at least 60% of the Nebraska average wage. Credit is: 3% if 60% of NE avg. wage 4% if 75% of NE avg. wage 5% if 100% of NE avg. wage 6% if 125% of NE avg. wage	Sliding scale job credit on new employee compensation whose wage is at least 60% of the Nebraska average wage. Credit is: 3% if 60% of NE avg. wage 4% if 75% of NE avg. wage 5% if 100% of NE avg. wage 6% if 125% of NE avg. wage	Sliding scale job credit on new employee compensation whose wage is at least 60% of the Nebraska average wage. Credit is: 3% if 60% of NE avg. wage 4% if 75% of NE avg. wage 5% if 100% of NE avg. wage 6% if 125% of NE avg. wage
SALES TAX REFUND	Refund of 1/2 the Sales Tax on project's capital purchases	Refund of all Sales Tax on project's capital purchases	N/A
OTHER	N/A	N/A	N/A
USE OF CREDITS	Sales Tax, Income Tax, Employee Withholding (Wage Credit Only)	Sales Tax, Income Tax, Employee Withholding (Wage Credit Only)	Sales Tax, Income Tax, Employee Withholding (Wage Credit Only)
ATTAINMENT PERIOD	Up to 5 Years	Up to 7 Years	Up to 5 Years
ENTITLEMENT PERIOD	6 to 7 Years	7 Years	6 to 7 Years
CREDIT CARRYOVER PERIOD	0 to 3 Years	2 to 8 Years	0 to 3 Years
APPLICATION FEE	\$1,000	\$2,500	\$2,500

NEBRASKA ADVANTAGE		NEBRASKA ADVANTAGE	
TIER FOUR	TIER FIVE	SUPER TIER	SIX
\$12,000,000	\$36,000,000	\$12,000,000	\$122,000,000
100	(Maintain Employment)	75	50
Research and Development Scientific Testing Data Processing Telecommunications Insurance Financial Services Manufacturing Distribution Storage/Warehousing Transportation Headquarters (Administrative) Targeted Export Services (75% of sales outside Nebraska or to the U.S. Government) • Software Development • Computer Systems Design • Product Testing Services • Guidance or Surveillance Systems • Technology Licensing Internet Web Portal Retail Sales of TPP if 20% is at wholesale, manufactured, or to someone else in qualified business	Research and Development Scientific Testing Data Processing Telecommunications Insurance Financial Services Manufacturing Distribution Storage/Warehousing Transportation Headquarters (Administrative) Targeted Export Services (75% of sales outside Nebraska or to the U.S. Government) • Software Development • Computer Systems Design • Product Testing Services • Guidance or Surveillance Systems • Technology Licensing Internet Web Portal Retail Sales of TPP if 20% is at wholesale, manufactured, or to someone else in qualified business	Any business activity other than retail	
Yes: 10%	N/A	Yes: 15%	
Sliding scale job credit on new employee compensation whose wage is at least 60% of the Nebraska average wage. Credit is: 3% if 60% of NE avg. wage 4% if 75% of NE avg. wage 5% if 100% of NE avg. wage 6% if 125% of NE avg. wage	N/A	10% job credit on new employee "compensation" Wage thresholds per new position are the greater of: 200% of the county average wage or 150% of the NE average wage	
Refund of all Sales tax on project's capital purchases	Refund of all Sales tax on project's capital purchases	Refund of all Sales Tax on project's capital purchases	
Personal Property Tax exemption on: turbine powered aircraft; computer systems; agricultural processing machinery; and per- sonal property used in distribu- tion facilities for up to 10 years.	Personal Property Tax exemption: up to 10 years on computer sys- tems for internet web portal.	Personal Property Tax exemption for all Personal Property at the project for up to 10 years.	
Sales Tax, Income Tax, Employee Withholding (Wage Credit Only)	N/A	Same as Tiers 1 - 4, PLUS: all Statewide Sales Tax and Site Specific Real Property Taxes	
Up to 7 Years	Up to 7 Years	Up to 5 Years	
7 Years	7 Years	10 Years	
2 to 8 Years	N/A	1 Year	
\$2,500	\$2,500	\$10,000	

Updated 2-2009

NEBRASKA RURAL ADVANTAGE

LEVEL ONE

LEVEL TWO

\$125,000

\$250,000

2

5

Must be located in:
counties with population less than 15,000

Livestock Production
Research and Development
Scientific Testing
Data Processing
Telecommunications
Insurance
Financial Services
Manufacturing
Distribution
Storage/Warehousing
Transportation
Headquarters (Administrative)

Must be located in:
counties with population less than 25,000

Livestock Production
Research and Development
Scientific Testing
Data Processing
Telecommunications
Insurance
Financial Services
Manufacturing
Distribution
Storage/Warehousing
Transportation
Headquarters (Administrative)

Yes - \$2,750 of refundable credits per \$50,000 of qualifying investment.

Yes - \$2,750 of refundable credits per \$50,000 of qualifying investment.

\$3,000 of refundable credits per full-time equivalent employee, includes teleworkers

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N/A

N/A

N/A

N/A

Credits may be used to reduce income tax liability, refund sales taxes, or as a direct refund

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The year of application plus one year to achieve thresholds; must maintain investment and employment for 3 years

The year of application plus one year to achieve thresholds; must maintain investment and employment for 3 years

N/A

N/A

N/A

N/A

\$500

\$500

4th

Lowest Cost of Doing Business

Milken Institute

2nd

For Fairness of Litigation Environment

Institute for Legal Reform/2008 U.S. Chamber of Commerce State Liability Systems Ranking Study

Top 10

Best States for Business

Forbes Magazine, 2008

4th

Best States for Jobs

CareerBuilder.com, 2008

5th

Best Education Climate

Business Facilities Magazine;

2008 Annual Rankings Report

4th

Best Quality of Life

Business Facilities Magazine;

2008 Annual Rankings Report

Nebraska. Ranked among the best.

advantages

2nd

Most Improved – Total Biomass Electricity Generated; Biomass Electricity Generation Per Capita & Per GSP

NREL, State of the States 2008: Renewable Energy Development and the Role of Policy

2nd

Total Capacity of Ethanol Production

Ethanol Producer Magazine, March 2007

6th

Wind Energy Potential

AWEA Wind Energy Projects, March 2007

2nd

Most Improved – Total Wind Energy Generated; Percentage of Total In State Electricity Generation from Wind; Wind Electricity Generation Per Capita & Per GSP

NREL, State of the States 2008: Renewable Energy Development and the Role of Policy

NEBRASKA Ranked Among the Best

Every state and country in the world talks about their ability to attract and retain business. In Nebraska we prove it everyday through our commitment to excellence.

5th

Best Education Climate

Business Facilities Magazine; 2008 Annual Rankings Report

4th

Best State for Jobs

CareerBuilder.com; 2008

TOP 10

Best States for Business

2008 Forbes Magazine

2nd

for Fairness of Litigation Environment

Institute for Legal Reform, 2008 U.S. Chamber of Commerce State Liability Systems Ranking Study

3rd

in Employment per Population Ratio for Populations of 16+ years of age

2007 U.S. Bureau of Labor Statistics

4th

Lowest Average Travel Time to Work

U.S. Bureau of the Census

TOP 10

States Receiving a 5-Star on the 2007 State's Healthcare Cost Quotient

Expansion Management magazine

4th

Lowest Cost of Doing Business

Milken Institute, 2007 Cost-of-Doing Business Index

4th

Best Quality of Life

Business Facilities Magazine; 2008 Annual Rankings Report

NEBRASKA
Advantage

Department of Economic Development



Updated for month ending March 31, 2009

- 2006: 82 applications; potentially \$3.41 billion investment; 8,676 jobs
- 2007: 49 applications; potentially \$853.3 million investment; 3,485 jobs
- 2008: 50 applications; potentially \$849 million investment; 2,813 jobs
- 2009: 9 applications; potentially \$194.3 million investment; 849 jobs
- 2006-09 Total: 190 applications; potentially \$5.31 billion investment; 15,823 jobs
- By broad industry (2006-09 total):

○ Bio-medical/Renewable fuels	32 projects	\$2.9 billion	1,988 jobs
○ Telecomm/Other services	46 projects	\$1.26 billion	5,248 jobs
○ Manufacturing/Processing	83 projects	\$687 million	3,713 jobs
○ Financial/Insurance services	29 projects	\$461 million	4,874 jobs
- By location:

○ Omaha MSA (Douglas, Sarpy, Saunders, Washington counties)	98 projects
○ Lincoln MSA (Lancaster, Seward counties)	30 projects
○ Greater Nebraska	62 projects

- 2006: 17 project applications; potentially \$20.09 million investment; 127 jobs
- 2007: 36 project applications; potentially \$75.1 million investment; 66 jobs
- 2008: 30 project applications; potentially \$25.2 million investment; 38 jobs
- 2009: 8 project applications; potentially \$20.1 million investment; 22 jobs
- 2006-09 Total: 91 project applications; potentially \$140.5 million investment; 253 jobs

- 2006: 456 applications
- 2007: 408 applications
- 2008: 620 applications
- 2009: 240 applications
- 2006-09 Total: 1,724 applications

<ul style="list-style-type: none"> ○ Under contract <ul style="list-style-type: none"> ▪ 78 projects (32 Lincoln/Omaha areas, 46 Greater Neb.) ▪ 6,744 jobs ○ Preliminary commitments/offers <ul style="list-style-type: none"> ▪ 27 projects (13 Lincoln/Omaha areas, 14 Greater Neb.) ▪ 5,255 jobs 	<p>\$11.37 million</p> <p>\$17.26 million</p>
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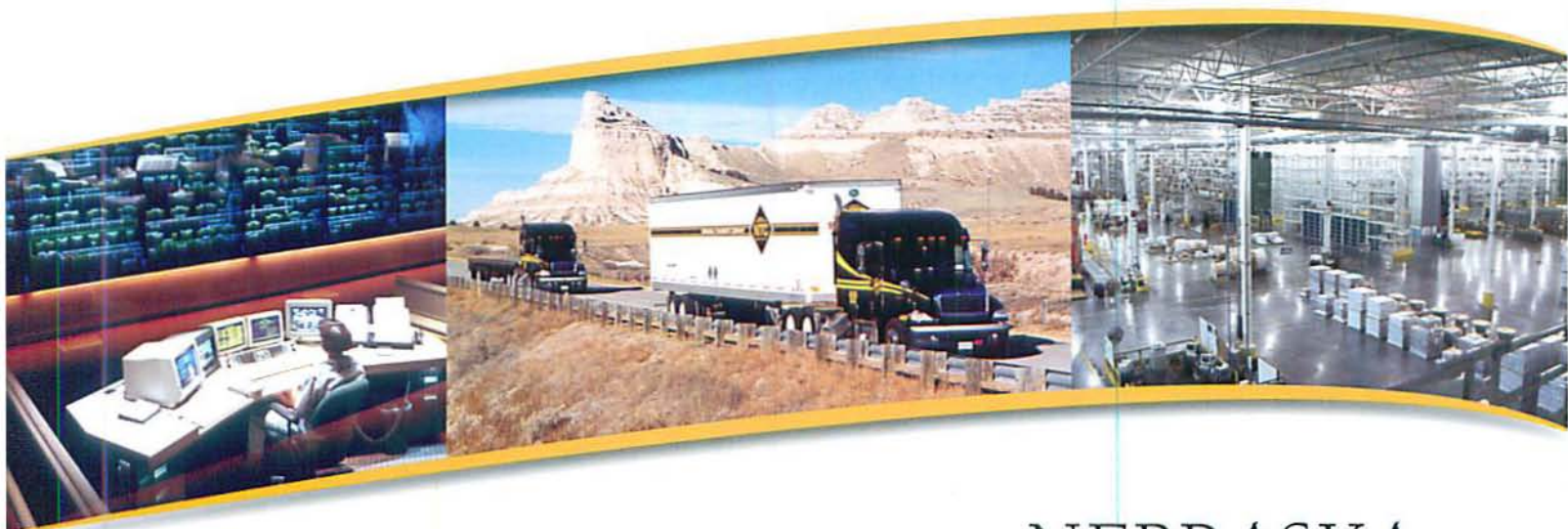
Receive greater returns on your investment in Nebraska.

Nebraska Offers:

- Highly educated and productive workforce
- Readily available sites and buildings
- Utility costs significantly below national averages
- World class telecommunications infrastructure
- Aggressive local incentives
- First class infrastructure
- Speed to markets
- Foreign Trade Zone
- Fair and balanced litigation and regulatory environment
- Low cost of living
- High ranking quality of life
- Short commute times

Additional Tax Savings:

- Sales tax exemption on:
 - Manufacturing equipment
 - Manufacturing or processing raw materials
 - Common carrier vehicles
 - Utilities used in manufacturing
- No intangibles tax
- No inventory tax
- Sales tax refund on pollution control equipment
- 100% depreciation for personal property tax



NEBRASKA
Advantage

Additional Advantages in the Nebraska Advantage Economic Development Package.

Nebraska Customized Job Training Advantage

Provides a flexible and discretionary job training program with grants from \$800 to \$4,000 per qualified new job. Additional grant funds may be available for new jobs created in rural and high poverty areas. You can design your own training, or a statewide training team can assist with training needs and assessments, training plans, curriculum development, and training instruction.

Nebraska Research and Development Advantage

Offers a refundable tax credit for qualified research and development activities undertaken by a business entity. The credit is equal to 15 percent of the federal credit allowed under Section 41 of the Internal Revenue Code of 1986.

Nebraska Microenterprise Tax Credit Advantage

Provides a 20 percent refundable investment tax credit to micro businesses on new investment in targeted communities. Applicants may qualify for a maximum \$10,000 throughout the life of the program. The credit is geared to companies with five or fewer employees, including start-ups. Credits are approved through an application process with the Nebraska Department of Revenue and an advisory committee on a first-in-first-out basis. The credits are earned on new expenditures for wages, buildings, certain expenses, and non-vehicle depreciable personal property.

And even more Advantages

Community Development Block Grant (CDBG)

Loans designed to create quality jobs and promote new investment. CDBG funds must be used to benefit low to moderate income persons, aid in the prevention or elimination of slums or blight, or meet other community development emergency needs. CDBG funds can be used to purchase machinery, equipment and inventory, meet working capital needs, develop community infrastructure, construct or renovate existing buildings and real estate.

Capital Gains and Extraordinary Dividend Exclusion

Exemption from state personal income tax on capital gains realized from selling or exchanging stock of one corporation acquired by an employee with that corporation. The employee can also exclude extraordinary dividends that exceed 20% of the value of the stock for the same corporation. The corporation must do business in Nebraska for at least three years and must have a minimum of five shareholders.

NEBRASKA
Advantage

For more information:

Nebraska Department of Economic Development

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