

# nebraska advantage

[www.NebraskaAdvantage.com](http://www.NebraskaAdvantage.com)

## ECONOMIC DEVELOPMENT INCENTIVES

NEBRASKA  
*Advantage*

Department of Economic Development

Updated January 2013

	NEBRASKA ADVANTAGE		
	TIER ONE	TIER TWO	
<b>INVESTMENT</b>	<b>\$1,000,000</b>	<b>\$3,000,000</b>	<b>\$200,000,000 at data center</b>
<b>JOB CREATION</b>	<b>10</b>	<b>30</b>	<b>30 at data center</b>
<b>QUALIFIED BUSINESSES</b>	Research and Development Scientific Testing Manufacturing Targeted Export Services (75% of sales outside Nebraska or to the U.S. Government including Cloud Computing) •Software Development Services •Computer Systems Design •Product Testing Services •Guidance or Surveillance Systems •Technology Licensing	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 including Cloud Computing) •Software Development •Computer Systems Design •Product Testing Services •Guidance or Surveillance Systems •Technology Licensing Data Center Internet Web Portal Retail Sales of Tangible Personal Property (TPP) if 20% is at wholesale, manufactured, or to someone else in qualified business Retail Sales of TPP if 75% or more of sales are outside of Nebraska	Data Center: computers, supporting software equipment and other organized assembly of hardware or software designed to centralize the storage, management, or dissemination of data and information; environmentally controlled structures or facilities or interrelated structures or facilities that provide the infrastructure for housing the equipment; such as raised flooring, electricity supply, communication and data lines, Internet access, cooling, security, and fire suppression; and any building housing the foregoing.  In addition, any Tier 2 qualified business activity may also be included.
<p>Each applicant must use E-Verify to check the work eligibility of all newly hired Nebraska employees.</p> <p>For additional information, visit: <a href="http://www.revenue.ne.gov/incentiv/e-verify_notice.html">http://www.revenue.ne.gov/incentiv/e-verify_notice.html</a></p>			
<b>INVESTMENT CREDITS</b>	Yes: 3%	Yes: 10%	Yes: 10%
<b>WAGE CREDITS</b>	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
<i>*Compensation means the wages and other payments subject to the federal Medicare tax.</i>			
<b>SALES TAX REFUND</b>	Refund of 1/2 the 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
<b>OTHER</b>	N/A	Personal Property Tax Exemption: computer systems when investment and new jobs are at data center or internet web portal.	Personal Property Tax Exemption for all Personal Property at the project for up to 10 years.
<b>USE OF CREDITS</b>	Sales Tax, Income Tax, Employee Withholding (Wage Credit Only)	Sales Tax, Income Tax, Employee Withholding (Wage Credit Only)	Same as Tiers 1 - 4, PLUS: all Statewide Sales Tax and Site Specific Real Property Taxes
<b>ATTAINMENT PERIOD</b>	Up to 5 Years	Up to 7 Years	Up to 7 Years
<b>ENTITLEMENT PERIOD</b>	6 to 7 Years	7 Years	7 Years
<b>CREDIT CARRYOVER PERIOD</b>	0 to 3 Years	2 to 8 Years	2 to 8 Years
<b>APPLICATION FEE</b>	\$1,000	\$2,500	\$2,500

# UPDATED JANUARY 2013

<b>NEBRASKA ADVANTAGE</b>		
<b>TIER THREE</b>	<b>TIER FOUR</b>	<b>TIER FIVE</b>
<b>0</b>	<b>\$12,000,000</b>	<b>\$37,000,000</b>
<b>30</b>	<b>100</b>	<b>(Maintain Employment)</b>
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 including Cloud Computing) •Software Development •Computer Systems Design •Product Testing Services •Guidance or Surveillance Systems •Technology Licensing Data Center Internet Web Portal Retail Sales of Tangible Personal Property (TPP) if 20% is at wholesale, manufactured, or to someone else in qualified business Retail Sales of TPP if 75% or more of sales are outside of Nebraska.	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 including Cloud Computing) •Software Development •Computer Systems Design •Product Testing Services •Guidance or Surveillance Systems •Technology Licensing Data Center Internet Web Portal Retail Sales of Tangible Personal Property (TPP) if 20% is at wholesale, manufactured, or to someone else in qualified business Retail Sales of TPP if 75% or more of sales are outside of Nebraska.	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 including Cloud Computing) •Software Development •Computer Systems Design •Product Testing Services •Guidance or Surveillance Systems •Technology Licensing Data Center Internet Web Portal Retail Sales of Tangible Personal Property (TPP) if 20% is at wholesale, manufactured, or to someone else in qualified business Retail Sales of TPP if 75% or more of sales are outside of Nebraska.
N/A	Yes: 10%	N/A
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	N/A
N/A	Refund of all Sales Tax on project's capital purchases	Refund of all Sales Tax on project's capital purchases
N/A	Personal Property Tax Exemption on: turbine powered aircraft; computer systems; agricultural processing machinery; and personal property used in distribution facilities for up to 10 years.	Personal Property Tax Exemption: computer systems when investment and new jobs are at data center or internet web portal.
Sales Tax, Income Tax, Employee Withholding (Wage Credit Only)	Sales Tax, Income Tax, Employee Withholding (Wage Credit Only)	N/A
Up to 5 Years	Up to 7 Years	Up to 7 Years
6 to 7 Years	7 Years	7 Years
0 to 3 Years	2 to 8 Years	N/A
\$2,500	\$5,000	\$2,500

NEBRASKA SUPER ADVANTAGE		NEBRASKA ADVANTAGE RURAL	
TIER SIX		LEVEL ONE	LEVEL TWO
\$10,000,000	\$109,000,000	\$125,000	\$250,000
75	50	2	5
<p>Any business activity other than retail</p> <p>Retail Sales of Tangible Personal Property (TPP) if 75% or more of sales are outside of Nebraska.</p> <p>Retail Sales of TPP if 20% is at wholesale, manufactured, or to someone else in qualified business</p>		<p>Must be located in:</p> <ul style="list-style-type: none"> <li>counties with population less than 15,000, <u>or</u></li> <li>any village, <u>or</u></li> <li>any contiguous area within a metropolitan class city where more than 30% of people are below the poverty line</li> </ul> <p>Livestock Production Research and Development Scientific Testing Data Processing Telecommunications Insurance Financial Services Manufacturing Distribution Storage/Warehousing Transportation Headquarters (Administrative)</p>	<p>Must be located in:</p> <ul style="list-style-type: none"> <li>counties with population less than 25,000 <u>or</u></li> <li>any city of the second class</li> </ul> <p>Livestock Production Research and Development Scientific Testing Data Processing Telecommunications Insurance Financial Services Manufacturing Distribution Storage/Warehousing Transportation Headquarters (Administrative)</p>
Yes: 15%		Yes - \$2,750 of refundable credits per \$50,000 of qualifying investment	Yes - \$2,750 of refundable credits per \$50,000 of qualifying investment
<p>10% job credit on new employee compensation*</p> <p>Wage thresholds per new position are the greater of: 200% of the county average wage <u>or</u> 150% of the NE average wage</p>		\$3,000 of refundable credits per full-time equivalent employee, includes teleworkers	\$3,000 of refundable credits per full-time equivalent employee, includes teleworkers
Refund of all Sales Tax on project's capital purchases		N/A	N/A
Personal Property Tax Exemption for all Personal Property at the project for up to 10 years.		N/A	N/A
Same as Tiers 1 - 4, PLUS: all Statewide Sales Tax and Site Specific Real Property Taxes		Credits are refundable, may be used to reduce income tax liability or a refund on sales taxes	Credits are refundable, may be used to reduce income tax liability or a refund on sales taxes
Up to 5 Years		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
10 Years		N/A	N/A
1 Year		N/A	N/A
\$10,000		\$500	\$500

# 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 telecom infrastructure
- Aggressive local incentives
- First class infrastructure
- Speed to markets
- Foreign Trade Zones
- 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% tax exemption on certain personal property

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# 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 Advantage Research and Development Credit

Offers a refundable tax credit for qualified research and development activities undertaken by a business entity for 21 years. The credit is equal to 15 percent of the federal credit allowed under Section 41 of the Internal Revenue Code of 1986 for research and development. The credit is increased to 35 percent of the federal credit allowed under Section 41 of the Internal Revenue Code of 1986 for expenditures on the campus of a college or university in Nebraska or a facility owned by a college or university in Nebraska.

## Nebraska Advantage Microenterprise Tax Credit

Provides a 20 percent refundable tax credit to micro businesses on increased compensation for employees or increased investment in targeted communities. Applicants may qualify for a maximum \$10,000 throughout the life of the program. The credit is limited to companies with five or fewer employees at the time the application is filed, including start-ups. Credits are approved on a first-in-first-out basis through an application process with the Nebraska Department of Revenue. The credits are earned on increased 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 & 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 have done business in Nebraska for at least three years and must have a minimum of five shareholders, and related shareholders cannot own more than 90% of the stock.

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### For more information:

Nebraska Department of Economic Development  
301 Centennial Mall South  
P.O. Box 94666  
Lincoln, NE 68509-4666

800-426-6505 • Fax: 402-471-3778

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