



# ECONOMIC DEVELOPMENT INCENTIVES

**T**he NEBRASKA ADVANTAGE is a comprehensive economic development incentives package that meets the needs of businesses expanding in or relocating to Nebraska.

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

Revised 2017

**NEBRASKA**

Good Life. Great Opportunity.

DEPT. OF ECONOMIC DEVELOPMENT

# 2017 ECONOMIC DEVELOPMENT INCENTIVES

	NEBRASKA ADVANTAGE		
	TIER ONE	TIER TWO	
<b>2017 INVESTMENT</b>	<b>\$1 million<sup>1</sup></b>	<b>\$3 million<sup>1</sup></b>	<b>\$200 million<sup>1</sup> (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	Production of Electricity Using Renewable Energy Sources 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 <sup>3</sup> Data Center <sup>3</sup> 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.
Each applicant must use E-Verify to check the work eligibility of all newly-hired Nebraska employees.  For additional information, visit: <a href="http://www.revenue.ne.gov/incentiv/e-verify_notice.html">www.revenue.ne.gov/incentiv/e-verify_notice.html</a>			
<b>INVESTMENT CREDITS</b>	Yes: 3%	Yes: 10%	Yes: 10%
<b>WAGE CREDITS</b>	Sliding scale job credit on new employee compensation <sup>2</sup> 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 <sup>2</sup> 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 <sup>2</sup> 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
<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	<sup>3</sup> 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

<sup>1</sup>Cumulative investment is net of retirements of investment in qualified property made since the application date.

<sup>2</sup>Compensation means the wages and other payments subject to the federal Medicare tax.

<sup>3</sup>Property tax benefits for web portal or data center.

# NEBRASKA ADVANTAGE

## TIER THREE

## TIER FOUR

## TIER FIVE

0	\$11 million <sup>1</sup>	\$34 million <sup>1</sup> or \$20 million <sup>1</sup> (produce electricity using renewable energy sources)
<b>30</b>	<b>100</b>	<b>(Maintain Employment)</b>
Production of Electricity Using Renewable Energy Sources 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.	Production of Electricity Using Renewable Energy Sources 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 <sup>3</sup> Data Center <sup>3</sup> 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 <sup>2</sup> 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 <sup>2</sup> 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 for up to 10 years on: turbine-powered aircraft, computer systems, agricultural processing machinery, and certain distribution center equipment.	<sup>3</sup> 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 TIER SIX		NEBRASKA ADVANTAGE RURAL LEVEL ONE      LEVEL TWO	
\$10 million <sup>1</sup>	\$100 million <sup>1</sup>	\$125 thousand <sup>4</sup>	\$250 thousand <sup>4</sup>
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<sup>2</sup></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

<sup>4</sup>Cumulative investment is net of all retirements since the year of application.

# 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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[www.Revenue.Nebraska.gov](http://www.Revenue.Nebraska.gov)

# 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.

## **Site & Building Development Fund**

Provides financial assistance to eligible local governments and Nebraska non-profit organizations to prepare parcels of land and buildings for future industrial growth and development. Eligible activities may include land and building acquisition, building construction or rehabilitation, site preparation, infrastructure development and improvements, engineering and design costs, technical assistance and planning, and other preapproved costs involved in the development of industrial-ready sites and buildings.

### **For more information:**

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800-426-6505

[opportunity.nebraska.gov](http://opportunity.nebraska.gov)