

## Nebraska Advantage Microenterprise Tax Credit Act

The Nebraska Advantage Microenterprise Tax Credit Act allows a person actively involved in the day-to-day activities of a small business, which is located in a distressed area, to apply for tax credits. The business must have five or fewer full-time equivalent employees to participate in the Nebraska Advantage Microenterprise Tax Credit Act. The business must be located at a site which meets the statutory requirements related to population decline or per capita income level. All locations in the state are eligible other than portions of Washington and Lancaster counties. More specific information on whether a location is eligible may be found at [http://www.revenue.ne.gov/incentiv/microent/micro\\_loc.htm](http://www.revenue.ne.gov/incentiv/microent/micro_loc.htm).

The person actively involved in the business must file an application, which describes their involvement, the expected investment or employment growth, and states the tentative tax credits for the year of application and the following year. Each individual, and their related parties, are limited to a \$10,000 lifetime tax credit.

The individual earns a refundable income tax credit equal to 20% of the business's new investment or employment, not to exceed the amount of tentative tax credits approved, based on the application. New investment is an increase in purchases of buildings and depreciable assets, repairs and maintenance, advertising, legal, or professional services in the year of application and the following year, as compared to the year prior to application. New employment is an increase in employee compensation and the employer cost of health insurance, in the year of application and the following year, as compared to the year prior to application. The individual shall claim the tax credit when filing their Nebraska income tax return.

Applications requesting up to the adjusted limit of \$2 million may be authorized for each calendar year. All funds available for 2006, 2007, and 2008 were authorized. Refer to the tables below for an analysis of projected and actual investment and employment, as well as actual credit usage.

Application Year	Projected Investment	Projected Compensation
2006	\$16,093,859	\$13,880,888
2007	14,351,943	3,403,376
2008	26,494,484	7,882,647

Application Year	Tax Credits Used	Actual Investment	Actual Compensation
2006	\$1,598,593	\$14,902,743	\$11,949,912
2007	1,725,078	17,529,894	3,846,107

As of December 31, 2008, no tax credits have expired.