

***Employment Expansion and
Investment Incentive Act LB 1124,
LB 270, as amended***

Neb. Rev. Stat. §77-27,195 states:

Report; contents. (1) The Tax Commissioner shall prepare a report identifying the amount of investment in this state and the number of equivalent jobs created by each taxpayer claiming a credit pursuant to the Employment Expansion and Investment Incentive Act. The report shall include the amount of credits claimed in the aggregate. The report shall be issued on or before March 15 of each year, beginning with March 15, 1988, for all credits allowed during the previous calendar year.

(2) In the report for any year in which a taxpayer located in an enterprise zone designated pursuant to the Enterprise Zone Act claimed a credit pursuant to subsection (3) of section 77-27,188, the Tax Commissioner shall identify (a) the amount of investment made in each enterprise zone by all taxpayers claiming credits, (b) the number of jobs created in each enterprise zone by all taxpayers claiming credits, (c) the number of jobs created in each enterprise zone by all taxpayers claiming credits held by residents of the enterprise zone, and (d) the average wage on hourly basis or the average annual salary of new jobs created in each enterprise zone by all taxpayers claiming credits.

LB 1124, LB 270, as amended Qualified Activity Reported in 1997

Because a separate application process is not involved, the number of credits earned, jobs created, and investment made becomes available only upon the filing of a Nebraska Employment and Investment Credit Computation, Form 3800N, with a tax return. This report includes tax returns processed during 1997. Through 1997, 1081 separate businesses have filed for benefits.

In 1997, the department approved 398 returns from businesses, 221 of which reported new investment made and/or employees hired. These 221 returns reflected the following:

- Net new investment of \$95,860,312
- New full-time jobs of 1,809
- Credits of \$3,981,500

After the initial qualification, the business may receive additional credits for new employees without any additional investment.

Ninety-eight returns processed in 1997 showed maintenance of past levels of employment and investment.

If a taxpayer fails to maintain the levels of investment and employment that created the credit for at least two years after the year for which the credit was first allowed, part of the credit used is subject to recapture. During the subsequent two years, the taxpayer must repay to the state one-third of the amount of the credit used which is subject to recapture for each year that the taxpayer did not maintain the required levels. At the end of the two year maintenance period, no further carryover of credits subject to recapture is allowed. Seventy-nine returns processed in 1997 reported recapture of past credits.

Credits may be carried over and used for the five immediately succeeding taxable years. Any credit carryover remaining at the end of the fifth year expires.

Eight-Year Business Activity Summary

	Processed In 1988-93****	Processed In 1994	Processed In 1995	Processed In 1996	Processed In 1997	Total
Investment	\$337,960,134	\$128,541,688	\$125,706,781	\$134,292,210	95,860,312**	\$822,361,125
Employees	7,981*	2,579*	3,079*	3,270*	1,809***	18,718
Credits Earned	\$13,718,500	\$5,231,500	\$5,795,500	\$6,520,000	3,981,500	\$35,247,000
LB 335 Credits Earned	256,000	0	0	0	0	256,000
Enterprise Zone Credits	N/A	N/A	\$ 208,500	\$ 49,000	\$ 157,000	\$ 414,500
Total Credits	<u>\$13,974,500</u>	<u>\$5,231,500</u>	<u>\$6,004,000</u>	<u>\$6,569,000</u>	<u>\$4,138,500</u>	<u>\$35,917,500</u>
Credits Used:						
Income Tax	\$7,115,035	\$2,314,654	\$2,490,451	\$3,087,901	\$1,971,716	\$16,979,757
Sales Tax	2,974,256	\$1,752,177	1,919,754	2,287,912	1,263,281	10,197,380
Credits Recaptured:						
Income Tax	\$358,029	\$169,258	\$108,448	\$189,871	\$167,231	\$992,837
Sales Tax	77,730	47,205	33,681	66,661	9,705	234,982
Unused Credit Carryover Recaptured	\$194,040	\$229,957	\$371,858	\$243,447	\$137,498	\$1,176,800
Credits Expired	11,714	94,469	62,625	97,065	35,455	301,328

* LB886 which was passed in 1997 changed the definition of a new employee from a full-time employee to a full-time equivalent employee for tax years beginning on or after January 1, 1998. These numbers are based on full-time employees.

** 1987 returns	\$ 388,294	*** 1987 returns	83
1988 returns	639,547	1988 returns	20
1989 returns	438,198	1989 returns	9
1990 returns	195,604	1990 returns	18
1991 returns	420,229	1991 returns	-2
1992 returns	531,727	1992 returns	-2
1993 returns	3,219,203	1993 returns	71
1994 returns	7,720,615	1994 returns	105
1995 returns	31,295,011	1995 returns	682
1996 returns	51,011,884	1996 returns	825
	<u>\$95,860,312</u>		<u>1,809</u>

Due to audit adjustments for the year.
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****For detail by year see 1995 Annual Report

1987–1996 Business Activity (Processed in 1997)

	Net New Investment	Jobs		Net New Investment	Jobs
1	\$4,496,646	2	61	\$476,904	9
2	\$3,551,500	3	62	\$447,706	6
3	\$3,423,805	15	63	\$438,894	2
4	\$3,326,663	15	64	\$434,716	5
5	\$3,178,601	26	65	\$429,503	5
6	\$3,061,770	2	66	\$420,047	4
7	\$2,421,388	26	67	\$399,054	2
8	\$2,074,116	5	68	\$398,274	6
9	\$1,978,240	11	69	\$390,289	2
10	\$1,926,454	8	70	\$388,294	83
11	\$1,791,866	2	71	\$378,954	17
12	\$1,738,774	24	72	\$376,876	2
13	\$1,558,544	2	73	\$375,431	18
14	\$1,436,701	2	74	\$360,573	5
15	\$1,371,888	23	75	\$355,359	5
16	\$1,349,485	15	76	\$344,980	3
17	\$1,321,281	2	77	\$332,732	19
18	\$1,269,717	7	78	\$324,724	19
19	\$1,268,337	17	79	\$319,806	8
20	\$1,260,291	11	80	\$311,955	37
21	\$1,253,033	51	81	\$311,772	10
22	\$1,196,537	3	82	\$310,127	11
23	\$1,184,502	23	83	\$304,078	2
24	\$1,110,762	19	84	\$293,877	29
25	\$1,108,333	7	85	\$292,853	2
26	\$1,092,557	13	86	\$291,261	3
27	\$1,022,798	6	87	\$290,874	6
28	\$988,992	14	88	\$284,911	5
29	\$955,294	40	89	\$281,030	4
30	\$951,946	2	90	\$280,870	2
31	\$943,195	39	91	\$280,654	2
32	\$922,280	15	92	\$276,341	3
33	\$897,116	7	93	\$271,665	3
34	\$865,289	2	94	\$270,321	4
35	\$850,550	2	95	\$260,732	12
36	\$828,703	29	96	\$255,011	3
37	\$781,324	3	97	\$250,716	5
38	\$679,142	6	98	\$246,809	2
39	\$647,840	12	99	\$242,284	18
40	\$630,194	123	100	\$236,210	6
41	\$620,275	20	101	\$236,064	2
42	\$610,137	11	102	\$235,886	4
43	\$607,859	2	103	\$232,688	4
44	\$602,206	2	104	\$230,240	3
45	\$599,355	3	105	\$229,171	2
46	\$594,370	10	106	\$229,036	5
47	\$578,949	5	107	\$219,011	8
48	\$562,929	15	108	\$208,763	21
49	\$560,933	27	109	\$202,636	6
50	\$555,966	9	110	\$201,695	3
51	\$543,024	7	111	\$195,604	25
52	\$524,574	20	112	\$192,535	17
53	\$514,371	8	113	\$187,330	2
54	\$512,400	2	114	\$185,027	10
55	\$512,156	6	115	\$184,215	7
56	\$497,915	7	116	\$179,838	10
57	\$496,115	11	117	\$165,444	3
58	\$493,113	6	118	\$163,592	14
59	\$485,000	12	119	\$162,523	3
60	\$479,605	9	120	\$161,139	3

1987–1996 Business Activity (Processed in 1997)

	Net New Investment	Jobs		Net New Investment	Jobs
121	\$153,589	2	170	\$75,113	2
122	\$153,120	6	171	\$0	19
123	\$151,935	5	172	\$0	11
124	\$149,555	15	173	\$0	11
125	\$149,166	2	174	\$0	10
126	\$147,369	2	175	\$0	9
127	\$147,152	6	176	\$0	9
128	\$140,703	46	177	\$0	8
129	\$138,221	2	178	\$0	7
130	\$137,062	4	179	\$0	7
131	\$136,463	6	180	\$0	6
132	\$135,930	2	181	\$0	6
133	\$134,914	2	182	\$0	6
134	\$133,437	6	183	\$0	6
135	\$130,263	6	184	\$0	5
136	\$126,711	8	185	\$0	5
137	\$126,636	19	186	\$0	4
138	\$126,482	2	187	\$0	4
139	\$122,500	2	188	\$0	4
140	\$120,752	2	189	\$0	4
141	\$120,199	2	190	\$0	4
142	\$117,462	2	191	\$0	4
143	\$116,151	13	192	\$0	4
144	\$113,152	10	193	\$0	4
145	\$112,954	4	194	\$0	3
146	\$111,373	2	195	\$0	3
147	\$107,256	2	196	\$0	3
148	\$107,062	2	197	\$0	3
149	\$104,733	2	198	\$0	3
150	\$103,710	2	199	\$0	3
151	\$102,539	2	200	\$0	3
152	\$96,391	2	201	\$0	3
153	\$93,040	2	202	\$0	3
154	\$92,641	2	203	\$0	2
155	\$92,402	6	204	\$0	2
156	\$90,230	2	205	\$0	2
157	\$89,616	15	206	\$0	2
158	\$87,018	5	207	\$0	2
159	\$85,052	24	208	\$0	2
160	\$84,129	5	209	\$0	2
161	\$83,382	11	210	\$0	2
162	\$83,687	2	211	\$0	2
163	\$83,005	2	212	\$0	2
164	\$81,560	2	213	\$0	2
165	\$81,461	4	214	\$0	2
166	\$76,843	9	215	\$0	2
167	\$75,959	7	216	\$0	2
168	\$75,595	4	217	\$0	2
169	\$75,540	2	218	\$0	2
			219	\$0	2
			220	\$0	2
			221	\$0	2
				(628,513)	-76
			221	\$95,860,312	1809
			Returns	Investment	Jobs