

LB 1124, LB 270, as amended Qualified Activity Reported in 1999

A separate application process is not required for this incentive program. The number of credits earned, jobs created, and investment made becomes available upon the filing of a Nebraska Employment and Investment Credit Computation, Form 3800N, with a tax return. In order to earn credits, a company must be in a qualifying business and within the taxable year have an increase of \$75,000 in qualifying investment and two new full-time equivalent employees. For five years after the initial year of qualification, the business may receive additional credits for new employees without any additional investment.

This report includes 1990 through 1998 tax returns processed during 1999. A total of 1,197 separate businesses have filed for benefits under LB 1124 through 1999.

In 1999, the department approved 330 returns from businesses, 218 of which reported new investment made and/or employees hired. These 218 returns reflected the following:

- Net new investment of \$155,921,527
- New full-time jobs of 2,048
- Credits of \$4,889,500

Fifty-nine returns processed in 1999 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 subject to recapture for each year that the taxpayer did not maintain the required levels. Fifty-three returns processed in 1999 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.