



Economic Development Tax Incentives -- Property Tax Exemption After Filing for Subsequent Agreement. PROPERTY ACQUIRED AFTER THE DATE OF APPLICATION FOR A SUBSEQUENT AGREEMENT FOR THE SAME PROJECT CANNOT QUALIFY FOR THE PROPERTY TAX EXEMPTION UNDER THE FIRST AGREEMENT.

Advice has been requested as to whether a taxpayer who has filed an application for a subsequent agreement that includes the previous project can treat property purchased after the date of the second application as eligible for the personal property tax exemption under the first agreement.

A taxpayer signed an agreement with the Nebraska Department of Revenue which qualifies for a personal property tax exemption under the Employment and Investment Growth Act. The taxpayer is receiving the personal property tax exemption. The taxpayer reached the end of their entitlement period for sales and income tax benefits, and filed a subsequent application for a second agreement.

After the date of the second application, the taxpayer purchases some personal property. Without a second application, the items purchased would qualify for the personal property tax exemption under the first agreement.

Under Revenue Ruling 29-93-3, the taxpayer is able to include the same activities in the subsequent application that were included under the first agreement. To continue the benefits, the two projects that include the same location and the same activities have to be separated by the date of the second application. Since the second application does separate the projects by the date, the taxpayer may not choose to include any property purchased after the date of the second application under the first agreement in order to receive the property tax exemption.

APPROVED:

A handwritten signature in black ink that reads 'M. Berri Balka'.

M. Berri Balka
State Tax Commissioner

December 31, 1996