

## Incentives for Livestock activities:

*This guidance document is advisory in nature but is binding on the Nebraska Department of Revenue (DOR) until amended. A guidance document does not include internal procedural documents that only affect the internal operations of DOR and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.*

*This guidance document may change with updated information or added examples. DOR recommends you do not print this document. Instead, [sign up for the subscription service](#) at [revenue.nebraska.gov](http://revenue.nebraska.gov) to get updates on your topics of interest.*

## Nebraska Advantage Microenterprise

### Application –

- The applicant must be actively involved in the day-to-day activities of a microbusiness. Persons actively engaged in the operation of a farm or livestock operation with a net worth of more than \$500,000 are not eligible.
- There is no application fee.
- Applications are accepted in the order filed. There is \$2 million, plus any unused credits from the prior year, available for the calendar year.
- The applicant must include an estimate of their planned investment and increased compensation, which determines the amount of tax credits reserved for the applicant.
- Applications filed after November 1 through the first business day of the following calendar year are considered to be filed on the first business day of the next calendar year. Applications filed after the first day of the calendar year are considered in the order received.
- Growth in investment and compensation is determined by comparing the year of application and the following year, to the year prior to application.

### Requirements –

**Size:** Business must have five or fewer full-time equivalent employees (FTEs) at the time of application.

**Location:** A microbusiness may be located anywhere in the State of Nebraska.

Even though growth in investment or compensation is needed to earn benefits, there is no stated minimum required level of growth.

### Benefits –

- Limited to a \$20,000 lifetime tax credit for any single taxpayer, including any related persons.
- The refundable tax credit is equal to 20% of the increase in new investment of buildings, depreciable tangible personal property, expenditures on repairs and maintenance, advertising, legal and professional fees, and employee compensation. The purchase, lease, or repair and maintenance expenditures related to vehicles that are required to be licensed to operate on the streets and roads of Nebraska are excluded.

## Nebraska Advantage Rural Development Act

### Application –

- Filed by a business conducting livestock production.
- Application fee of \$500. Beginning January 1, 2024, application fees are:
  - \$500 for applications with expected investment \$50,000 or more;
  - \$250 for applications with expected investment \$25,000 to \$49,999; and
  - \$100 for applications with expected investment \$10,000 to \$24,000.
- Applications are accepted in the order filed.
  - A total of \$2 million is available for Level 1 and Level 2 for the calendar year.
  - A total of \$10 million is available for Livestock Modernization for the calendar year.
- The applicant must include an estimate of the planned investment and increased employment, which determines the amount of tax credits reserved for the applicant. The applicant must reach at least 75% of the amount estimated in order to avoid recapture.
- Applications filed after November 1 through the first business day of the next calendar year are considered to be filed on the first business day of the next calendar year. Applications filed during the calendar year are

considered in the order received.

- Growth in investment and employment is determined by comparing the year of application and the following year, to the year prior to application.

## **Livestock Production**

Livestock production means the active use, management, and operation of real and personal property: (a) for commercial production of livestock; (b) for commercial breeding, training, showing, or racing of horses or for using horses in a recreational or tourism enterprise; and/or (c) for commercial production of dairy and eggs. The project must meet the Level 1 or Level 2 requirements for investment and employment growth at a location in one county meeting the population requirement. Investment may include any improvements to real property and tangible personal property that are depreciable under the Internal Revenue Code, except for vehicles, planes, or railroad rolling stock.

### **Level 1**

#### **Requirements –**

Location: A Level 1 project must be located -

1. In a county with a population of less than 15,000 inhabitants;
2. Within the boundaries of a village in any county; or
3. In certain census tracts in the Omaha metropolitan area.

**Growth**: Minimum increase of \$125,000 in net investment and two new FTEs compared to the year before application. New FTEs must meet or exceed the wage requirement.

#### **Benefits –**

The refundable tax credit is equal to \$2,750 for each \$50,000 in net, new investment and \$3,000 for each new FTE.

### **Level 2**

#### **Requirements –**

Location: A Level 2 project must be located -

1. In a county with a population of less than 25,000 inhabitants; or
2. Within the boundaries of a city of the second class in any county.

**Growth**: Minimum of \$250,000 in net, new investment and five new FTEs compared to the year before application. New FTEs must meet or exceed the wage requirement.

#### **Benefits –**

The refundable tax credit is equal to \$2,750 for each \$50,000 in net, new investment and \$3,000 for each new FTE.

## **Livestock Modernization**

Livestock modernization is defined as the construction, improvement, or acquisition of, depreciable buildings, facilities, or equipment for livestock housing, confinement, feeding, production, and waste management. The project must have a net investment increase of at least \$50,000. Effective January 1, 2024, the net investment must be at least \$10,000. There is no employment increase required. Equipment does not include breeding stock, vehicles, planes, or railroad rolling stock. Livestock modernization or expansion does not include any improvements made to correct a violation of the Environmental Protection Act, the Integrated Solid Waste Management Act, the Livestock Waste Management Act, a rule or regulation adopted and promulgated pursuant to these acts, or any order of the Nebraska Department of Environment and Energy (NDEE) undertaken within five years after a complaint issued from the NDEE Director.

#### **Requirements –**

**Location**: May be located anywhere in the State of Nebraska.

**Growth**: Minimum of \$50,000 in net, new investment for applications submitted before January 1, 2024.

Minimum of \$10,000 in net, new investment for applications submitted on or after January 1, 2024.

#### **Benefits –**

The refundable tax credit is equal to 10% of net, new investment, not to exceed \$500,000.