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DEPARTMENT OF REVENUE

Jim Pillen, Governor

STATE OF NEBRASKA
NEBRASKA DEPARTMENT OF REVENUE

NEBRASKA ADVANTAGE RURAL DEVELOPMENT ACT AGREEMENT

«Company_Name»
«Address_Line_1»
«City», «State» «ZIP_Code»

Nebraska Identification Number 24-«SID»

SAMPLE

This Agreement is entered into pursuant to the Nebraska Advantage Rural Development Act, as defined in Neb. Rev. Stat. § 77-27,187 (Act), between «Company_Name», referred to as Applicant, and the State of Nebraska, by and through the Tax Commissioner.

It is agreed between Applicant and the State that:

The Plan

1. The application submitted by Applicant on «Date_filed», supplemental pages dated «Supp_date», and addendum dated «Add_date», collectively referred to as the Application, satisfy the requirements of an application as contained in the Act, and the Application and all supporting documentation are made a part of this Agreement. For purposes of this Agreement, the date of application is «App_date», the date the Application was complete.

2. The Tax Commissioner is reasonably satisfied that the plan in the Application defines a project consistent with the purposes stated in the Act.

    (a) Applicant will be engaged in one or more qualified business activities within «County_Name».

    Use one of the following sentences instead of the sentence above, if the project is not eligible for the selected Level because of the county size.

    (Level 1 applicant with project in a village:) Applicant will be engaged in one or more qualified business activities within the boundaries of ((Village Name)).

    (Level 1 applicant with project in an eligible census tract:) Applicant will be engaged in

one or more qualified business activities within census tract(s) ((Census tracts numbers)).

(Level 2 applicant with project in an eligible city of second class:) Applicant will be engaged in one or more qualified business activities within the city limits of ((City of second class name)).

(b) This plan will result in Applicant's investment in qualified property of «Planned_Investment» and the hiring of «Planned_Emp» new equivalent employees at a rate of pay at «Wage_Rate» or above per hour. These levels of investment, employment, and wages are the required levels for the purposes of this Agreement.

(c) The plan requests an investment credit of «Investment_Credit» and an employment credit of «Emp_Credit».

(d) These levels will be met prior to «App_Yr_1».

The Commitments

3. Applicant agrees to complete the project before the above-referenced time limit, and further agrees to comply with the following requirements:

(a) Applicant agrees to file, with its Nebraska income tax return, a credit computation showing investment and employment for the year of attainment of the minimum levels and for each year through the third year after the first year credits were allowed. The credit computation for the year of attainment of the minimum levels may be filed before the income tax return for that year.

(b) Applicant agrees to substantiate any claimed credits by providing the supporting documentation required in paragraph 6 of this Agreement, to the Nebraska Department of Revenue referred to as the DOR.

(c) Applicant agrees to use credits under the Act only after receiving a letter of approval from the DOR.

(d) Confirm work eligibility of all newly hired Nebraska employees.

i. Maintain an active registration with E-Verify, the federal electronic verification program, or a successor program (E-Verify).

ii. Use E-Verify to timely evaluate the work eligibility status of all employees hired in Nebraska after the date of application.

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iii. For purposes of calculating any tax incentive under the Act, exclude hours worked and compensation paid to any employee that is not eligible to work in Nebraska according to E-Verify.

4. The Tax Commissioner, on behalf of the State, designates the approved plan of Applicant as a project and, in consideration of Applicant's agreement and commitments contained in paragraph 3 of this Agreement, the State agrees to allow Applicant to earn the credits set forth in paragraph 10 of this Agreement, under the conditions specified.
   (a) The Tax Commissioner authorizes credits as computed in paragraph 10 of this Agreement not to exceed «Credit_Limit».

5. *(Use this paragraph for Level 1)* For purposes of this Agreement the minimum levels of employment and investment shall be the hiring of at least two new employees in Nebraska and the investment in qualified property in Nebraska of at least $125,000.

(Use this paragraph for Level 2) For purposes of this Agreement the minimum levels of employment and investment shall be the hiring of at least five new employees in Nebraska and the investment in qualified property in Nebraska of at least $250,000.

Required Documentation

6. Prior to using the credits allowed under paragraph 10 of this Agreement, Applicant shall present documentation, at the DOR's offices or within Nebraska, sufficient to establish its attainment or maintenance of the levels of employment and investment.

   (a) For purposes of paragraph 10(a) of this Agreement, the required documentation shall include, but not be limited to: payroll register, case verification number and system reports from E-Verify, payroll tax filings, or copies of quarterly payroll summaries prepared by Applicant showing the amounts of payroll subject to Nebraska income tax withholding, and the number of full-time or full-time equivalent Nebraska employees.

   (b) For purposes of paragraph 10(b) of this Agreement, the required documentation shall include, but not be limited to: tax depreciation schedule, copies of construction contracts accompanied by proof of payment, statements of tax paid by contractors, copies of qualified property purchase contracts or invoices accompanied by proof of payment, or copies of leases or rental contracts accompanied by proof of payment.

   (c) When, based upon the DOR's review of the documentation required under paragraphs 6(a) and (b) of this Agreement, the DOR is satisfied that Applicant has met the minimum employment and investment levels required in the Act, the DOR will issue a letter to Applicant, acknowledging its attainment of the minimum levels. A copy of this letter must accompany each claim for credits allowed under paragraphs 11 or 12

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of this Agreement.

(d) If Applicant acquires a business, Applicant agrees to provide documentation regarding the levels of investment and employment for the acquired business for one year prior to the acquisition.

(e) If Applicant reorganizes its business, Applicant agrees that all documentation will be submitted on a consistent basis from the year prior to the application through three years after the credits were first earned, and will resubmit any documentation required to show all calculations of employment and investment on a consistent basis for the entire period.

(f) The DOR reserves the right to make inspections of the physical project and the normal books and records of Applicant to determine the project's compliance and the accuracy of all amounts claimed.

Determination of New Equivalent Employees

7. For purposes of computing the number of new equivalent employees:

(a) Equivalent employees shall be determined by dividing the total hours paid during Applicant's taxable year by the product of 40 times the number of weeks in that taxable year. Salaried employees are deemed to work a 40-hour week, provided, non-salaried employees are regularly paid for a 40-hour week. If Applicant's normal work week is different than 40 hours, the number of hours worked by salaried employees must be adjusted accordingly.

(b) The hours worked by any person considered an independent contractor or the employee of another taxpayer shall not be used in the computation under this paragraph.

(i) Except, if all employees are leased from a qualified employee leasing company, then the leased employees will be considered to be employees of Applicant.

(c) Number of equivalent base-year employees shall mean the number of equivalent employees employed during the base year. The base year is the year before the application was filed. The number of equivalent base-year employees at the project will increase during the term of this Agreement when Applicant transfers employees who were employed by Applicant during the base year from other Nebraska locations into the project or upon the acquisition of a business. The number of base-year employees shall not decrease, provided that any specific employee will not be considered a base-year employee in the same year for more than one project of

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Applicant.

(d) A new employee is one hired after the beginning of the year the application was filed.

(e) Rate of pay is the amount of regular pay per hour in the Nebraska county where the qualifying project is located. Rate of pay does not include any bonuses, overtime, other irregular payments, or fringe benefits.

8. The number of new equivalent employees is the lesser of:

(a) The difference in the number of equivalent employees in a year over the number of equivalent employees in the base year; or

(b) The number of equivalent employees computed using only the hours worked by new employees for which their rate of pay was at or above the required rate of pay in paragraph 2(b) of this Agreement.

Determination of Investment

9. The amount of increased investment in this state is the increase in the value of the property used or available for use at the project over the value of all property used or available for use at the project on the last day of the taxable year prior to the date the Application was filed.

(a) The basis upon which the investment credit is calculated shall be the total cost required to be capitalized under relevant provisions of the Internal Revenue Code (IRC).

(b) Rented or leased property shall be valued at the average net annual rent times the number of years of the lease for which the taxpayer was originally bound, not to exceed ten years.

(c) Only investment in improvements to real property and tangible personal property that are depreciated under relevant provisions of the IRC, or expensed under IRC § 179, shall be considered. Property eligible for this credit shall not include: aircraft, motor vehicles, railroad rolling stock, or any property that is rented or leased by Applicant to another person.

The Credits

10. Upon meeting the minimum levels of employment and investment specified in paragraph 5 of this Agreement, Applicant's compliance with the project verification steps contained in paragraph 6 of this Agreement and receipt of the DOR's approval letter; Applicant shall be entitled to the following credits for investment or employment increases during the year the

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Application was filed or the next year:

(a) A credit equal to $3,000 for each new full-time equivalent employee working at the project who is paid an hourly rate at or above the rate listed in paragraph 2(b) of this Agreement. If the number of new full-time equivalent employees does not calculate to a whole number, partial credits will not be allowed for the fractional part of a new full-time equivalent employee.

(b) A credit equal to $2,750 for each $50,000 of new investment in qualified property, or the components of such property, that will be located and used at the project. If the new investment is not an even multiple of $50,000, partial credits will not be allowed for the remaining investment that is less than $50,000.

Credit Usage

11. The credits specified in paragraph 10 of this Agreement may be used as a refundable credit to reduce Applicant's tax liability imposed by Neb. Rev. Stat. §§ 77-2714 to 77-27,135 of the Nebraska Revised Statutes or to obtain a refund. The return need not reflect any income tax liability owed by the taxpayer.

Paragraph 11 (a) to be included in agreement to clarify that a flow-through entity such as an S Corporation, cooperative, or Partnership can request the refundable credit.

(a) An income tax return may be filed by Applicant, a «Entity_Type», to claim the credit. {paragraph only if flow-through entity applies}

Paragraph 11 (a) or (b) to be included in agreement with a financial institution. Since a financial institution files a deposits tax return instead of an income tax return, the financial institution may not claim the refundable credit.

(a) or (b) A financial institution may not file an income tax return to claim the refundable credit. {paragraph only if financial institution applies}

12. The credits specified in paragraph 10 of this Agreement may also be used to obtain a refund of Nebraska state sales or use taxes paid on any purchase or lease for use at the project during the year the application was filed or the following year. Any applicable local option sales or use taxes paid are not refundable.

(a) A claim for refund of the state sales and use taxes paid may be filed quarterly after the filing of the income tax return for the taxable year in which the credit was first allowed.

(i) The credit may be used to obtain a refund of state sales and use taxes paid before the end of the taxable year for which the credit was allowed, except that the amount refunded under this paragraph shall not exceed the amount

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of the state sales and use taxes paid, either directly or indirectly, by the taxpayer on the qualifying investment.

(b) The sales or use tax paid by a contractor on tangible personal property (building materials) incorporated into an improvement to real estate shall only be refunded to the Applicant.

(i) The contractor shall certify to Applicant the amount of the Nebraska state sales and use taxes paid on the building materials, or Applicant, with the permission of the Tax Commissioner and a certification from the contractor that Nebraska state sales and use was paid on all building materials annexed, may request a refund based on 50% of the contract price, excluding any amount for the purchase of land.

(ii) If the sales or use tax has been properly paid to a state other than Nebraska, such tax shall not qualify for refund. The amount of the refund will be reduced proportionally.

13. The credits must be used in either the year of the application or the following year. Unused credits may not be carried to and used in any other year.

Transfers of Credits

14. Any credits allowed under the Act shall be transferable only as allowed under the Act, when the project is transferred by sale or lease, or in a sale of assets under IRC § 381.

(a) The transferring person must notify the Tax Commissioner of the transfer of a project. The transferee must accept the transfer of the project.

(b) The transferor cannot claim any benefits or use any credits after the date of the notification of the transfer. Only credits used on a return or refund claim filed before the date of the notification of the transfer may be used by the transferor.

(c) Only future benefits and unused credits can be transferred. Benefits or refunds that could have been claimed by the transferor prior to the transfer of the project cannot be transferred.

(d) The transferee is liable for all recapture that becomes due after the date of transfer.

15. Credits may be distributed as allowed under Neb. Rev. Stat. § 77-27,194. A credit allowed to a partnership, a limited liability company, a subchapter S corporation, cooperative, limited cooperative association, or an estate or trust may be distributed to the partners, limited liability

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company members, shareholders, patrons, limited cooperative association members, or beneficiaries. The credits must be distributed in the same ratio as the income is divided.

(a) The credits may only be distributed with the income tax return for the year the credits were earned.

(b) The credits distributed may be used by the recipient as a nonrefundable credit up to the income tax liability of the recipient for the year of distribution and may not be carried over to any other year.

(c) Any credits distributed are credits used by the entity making the distribution. For the purposes of recapture, distributed credits must be repaid by the entity in the same manner as all other credits used, whether or not fully used by the recipient.

(d) Any credits that have been distributed cannot be returned to the entity.

Recapture

16. If Applicant fails either to meet the minimum levels of employment and investment for the applicable project by the end of the year after the year the Application was submitted for the project or to utilize such project in a qualified business at the minimum levels of employment and investment levels for three years after the first year credits were allowed, all of the credits set forth in the Act and any interest and penalties applicable, shall be recaptured or disallowed as set forth in the Act.

    (a) If the project is disposed of but the project is not transferred under paragraph 14 of this Agreement, Applicant remains liable for any recapture but can use the maintenance of the minimum levels by the transferee to prevent recapture.

17. If a company meets the minimum levels in paragraph 5 of this Agreement, but fails to meet the following levels based on the required levels in paragraph 2(b) of this Agreement, all or a portion of the credits will be recaptured.

    (a) If Applicant does not reach an employment increase of at least «M_75_Emp» new equivalent employees at a rate of pay at or above «Wage_Rate» per hour by «App_Yr_1», the entire credit allowed for employment increase will be recaptured or disallowed and the maximum credit that can be earned is the investment credit specified in paragraph 2(c) of this Agreement.

    (b) If Applicant does not reach an investment increase of at least «M_75_Investment», by «App_Yr_1», the entire credit allowed for any investment increase will be recaptured or disallowed and the maximum credit that can be earned is the employment credit

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specified in paragraph 2(c) of this Agreement.

Changes In Taxpayer Or Business

18. If the Applicant acquires an existing business, the increases in employment and investment will be computed as though Applicant had owned the business for the entire taxable year before the date of application.

19. If the Applicant is reorganized, the employment and investment levels will be calculated on a consistent basis for all periods.

20. If the Applicant moves from one location to another location and the business was operated in this state the year before the application, then the employment and investment levels will be calculated as though the business was operated at the new location for the entire taxable year preceding the date of application.

Limitations

21. If the Applicant enters into any of the following transactions, the transaction will not be allowed in the computation of any tax benefit or the meeting of any required levels of employment or investment except as specifically provided as follows:

    (a) The purchase or lease of property which was previously owned by Applicant or a related taxpayer unless the first purchase by either was first placed in service in the state after the beginning of the taxable year the application was filed.

    (b) The renegotiation of any lease in existence during the taxable year the application was filed which does not materially change any of the terms of the lease other than the expiration date.

    (c) The purchase or lease of any property from a related taxpayer, except that the taxpayer which filed the application will be allowed any benefits under the Act to which the related taxpayer would have been entitled on the purchase or lease of the property if the related taxpayer was considered the taxpayer.

    (d) Any transaction entered into primarily for the purpose of receiving benefits under the Act which is without a business purpose and does not result in increased economic activity in the state.

    (e) Any activity that results in benefits under the Ethanol Development Act, Neb. Rev. Stat. §§ 66-1330 to 66-1351.

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(f) A foreign adversarial company, as defined under Neb. Rev. Stat. § 77-3,114, is ineligible to receive any benefits under the Act.

(g) Any company that is not a foreign adversarial company shall only use benefits against income taxes of the members of the same group of companies that are not foreign adversarial companies. The tax liability attributable to members of the unitary group that are foreign adversarial companies shall be determined using the apportionment formula used to determine the amount of tax due.

General Provisions

22. As used in this Agreement, "year" shall mean Applicant's taxable year for federal income tax purposes. Based upon the «Tax_Return_Yr» federal income tax return filed by Applicant, its federal taxable year end is «Mo_Date». Any change in this federal taxable year shall result in a corresponding change to dates referenced in this Agreement.

23. Interest shall not be paid or otherwise allowed to Applicant on any credits available under the Act.

24. The parties intend that Applicant shall be entitled to all the credits for which it qualifies as set forth in the Act. To the extent that the language contained in this Agreement is incomplete or directly conflicts with the Act, the language of the Act shall control and is incorporated by this reference.

25. This Agreement contains all binding agreements between the parties. It shall be governed by the laws of the State of Nebraska. No oral or other statements, proposals, or agreements, unless set out in writing and signed by all parties, shall be binding on either party.

[SIGNATURE PAGE TO FOLLOW]

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The undersigned parties accept and bind themselves to the provisions of this Agreement.

Signed this _____ day of _____, 2026.

By _____
«Company_Name»

Title _____

Signed this _____ day of _____, 2026.

By_____
James R. Kamm
Tax Commissioner
State of Nebraska

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