

Urban Redevelopment Act Incentive Computation

for use with Forms 1120N, 1120-SN, 1120NF, 1065N, 1041N, and 1040N

Name on Return		Nebraska ID or Social Security Number	Federal ID Number	Tax Year End
Agreement Number	Date of Application	Type of Return <input type="checkbox"/> 1120N <input type="checkbox"/> 1120-SN <input type="checkbox"/> 1120NF <input type="checkbox"/> 1065N <input type="checkbox"/> 1041N <input type="checkbox"/> 1040N		
Location(s)		Level Selected (See instructions) <input type="checkbox"/> Employment and Investment <input type="checkbox"/> Investment only		

Supplemental Information

1 Is this the first year the application attained the minimum required levels? YES NO

2 For any portion of the tax year, is the applicant receiving any benefits under another tax incentive program offered by the State of Nebraska, as described in [Memo-22-03](#)? YES NO

If the answer is Yes, you may not participate in the incentive program. STOP HERE.
Contact the Nebraska Department of Revenue (DOR) before completing the remainder of the form.

Email Address. I acknowledge that if an email address is listed and I did not check the “Opt-Out” box, I am allowing the DOR to contact me by email. The DOR will send all confidential information by secure email or State of Nebraska secure file sharing system. If you do not wish to exchange confidential information by email, check the box labeled “Opt-Out” on the line labeled “email address.”

Authorized Signature. This form must be signed by an authorized person, such as a corporate officer, shareholder, partner, member or an individual authorized to sign by a power of attorney. Attach a copy of a completed Power of Attorney. Form 33.

Under penalties of law, I declare that I have examined the information provided and to the best of my knowledge and belief, it is correct and complete.

**sign
here** ▶

Authorized Signature

Date

Print Authorized Person's Name

Title

Phone Number

Authorized Person's Email Address **Opt-Out**

Street or Mailing Address

City, State, ZIP Code

Print Contact Person's Name (if different than Authorized Person)

Phone Number

Contact Person's Email Address **Opt-Out**

Urban Redevelopment Act Incentive Computation
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Name on Return	Agreement Number	Date of Application	Nebraska ID Number	Tax Year End
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Section 1 — Analysis of Employment
Project Information [Report Full-time Equivalent (FTE) Information]

1 Adjusted base-year FTEs (Schedule A, line 5, FTE column)	1	
2 Withholding ratio (Schedule A, line 21)	2	
3 FTE growth (Schedule A, line 8)	3	

Section 2 — Analysis of Investment

4 Current year investment of qualified property (Schedule C-1 or C-2, line 4)	4	
5 Cumulative net investment at the project (Schedule C-1 or C-2, line 9)	5	

Section 3 — Remaining Credits Available

		Total Credits
6 Tax credits reserved in original agreement	6	
7 Credits earned in prior years	7	
8 Remaining reserved tax credits (line 6 minus 7). This line cannot be less than zero.	8	

Section 4 — Establishment and Usage of Tax Credits for Current Year

9 Employment credit earned (Schedule A, line 16)	9	
10 Investment credit earned (Schedule C-1, line 13 or Schedule C-2, line 12)	10	
11 Current year credit. Lesser of line 8, or line 9 plus line 10	11	
12 Refundable tax credits used in current year on income tax return. Enter here and on Form 3800N, line 19	12	
13 Tax credits distributed to partners, shareholders, members, patrons, or beneficiaries (Schedule D, line 3)	13	
14 Tax credits used to offset income tax withholding	14	
15 Tax credits used for sales or use tax refunds	15	
16 Tax credits used for reimbursement of real estate taxes paid	16	
17 Total Credits Used (sum of lines 12, 13, 14, 15, and 16). Total amount cannot exceed line 11.	17	

Section 5 — Recapture of Tax Credits

18 Recapture adjustment	18	
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Schedule A — Urban Redevelopment Act Employment

Name on Return		Agreement Number	Date of Application	Nebraska ID Number	Tax Year End
Required Wage Level	Salaried: Payroll Frequency and Number of Pay Periods	Hourly: Payroll Frequency and Number of Pay Periods	Weeks Paid in the Base Year	Weeks Paid in the Current Year	

Section A — Base Year		Hours Paid	FTE [Hours/ (40xwks pd in yr)]
1 Enter the adjusted number of resident base-year employee hours from prior year's Form 544N, Schedule A, line 5, Hours Paid column (for calculation in year of application, see instructions)		1	
Current year addition to base-year hours.			
2 Transferred employees: Hours paid in Nebraska in the base year to employees who were transferred to a project location		2	
3 Moved a Nebraska business from a qualified location to a project location: Hours paid to the employees of the moved business in the base year		3	
4 Acquired an existing Nebraska business: Hours paid at the acquired business in the base year . . .		4	
5 Adjusted number of base-year employee hours (In the Hours Paid column, add lines 1, 2, 3, and 4. In the FTE column, divide the number of Hours Paid by the product of 40 multiplied by the number of weeks paid in the year)		5	

Section B — Current Year		Compensation Subject to Medicare Tax	Hours Paid	FTE [Hours/ (40xwks pd in yr)]
6 Current year compensation and hours paid at the qualified location to resident base-year employees or to resident new employees who earned the required rate of pay, and were timely verified.				
a Base-year employees with current year hours		6a		
b New (non-base year) employees (See instructions)		6b		
7 Total of compensation, hours paid, and FTE (In the Compensation and Hours Paid columns, add lines 6a and 6b. In the FTE column, divide the number in the Hours Paid column by the product of 40 multiplied by the number of weeks paid in the year)		7		

Section C — Number of Full-Time Equivalents (FTE)		
8 Overall FTE Growth (line 7 FTE column minus line 5 FTE column)		8
9 Enter highest FTE growth from prior performance years		9
10 Increase in FTE growth compared to prior performance year (See instructions)		10
11 Application Growth for employees who live in an economic redevelopment area (Schedule B, line 8)		11
12 Enter highest FTE growth for employees who live in an economic redevelopment area from prior performance year		12
13 Increase in FTE growth for employees who live in an economic redevelopment area compared to prior performance year (line 11 round down minus line 12 round down)		13

Section D — Employment Credit		
14 Computed employment credit for new employees (line 10 multiplied by \$3,000)		14
15 Additional employment credit for new employees living in economic redevelopment area (lesser of lines 10 and 13 multiplied by \$1,000)		15
16 Employment credit for the year (line 14 plus line 15). Enter here and on Form 544N, line 9		16

Section E — Withholding Ratio		
17 a Non-project Nebraska compensation for activities included in Nebraska income tax withholding return		17a
b Nebraska compensation for employees with compensation at the project location but no current year hours		17b
c Nebraska compensation for new employees who did not earn the required rate of pay		17c
d Nebraska compensation for new employees at the project not timely verified or unauthorized to work in Nebraska		17d
e Nebraska compensation for employees who are not Nebraska residents		17e
f Total (add lines 17a, 17b, 17c, 17d, and 17e)		17f
18 Total Nebraska compensation subject to Medicare tax (add lines 7, Compensation column and line 17f)		18
19 Average compensation attributable to new equivalent employees (line 7, Compensation column divided by line 7, FTE column)		19
20 Compensation paid to new equivalent employees (line 8 multiplied by line 19)		20
21 Income tax withholding ratio (line 20 divided by line 18) Enter here and on Form 544N, Page 2, line 2		21
22 Nebraska compensation subject to income tax withholding included on the Nebraska withholding return		22

Schedule B — Urban Redevelopment Act Employment - ERA

Name on Return		Agreement Number	Date of Application	Nebraska ID Number	Tax Year End
Required Wage Level	Salaried: Payroll Frequency and Number of Pay Periods	Hourly: Payroll Frequency and Number of Pay Periods	Weeks Paid in the Base Year	Weeks Paid in the Current Year	

Section A — Base-Year Employees Living in Economic Redevelopment Area		Hours Paid	FTE [Hours Paid / (40xwks pd in yr)]
1	Enter the adjusted number of base-year employee hours from prior year's Form 544N, Schedule A, line 5, Hours Paid column (for calculation in year of application, see instructions)		
Current year addition to base-year hours.			
2	Transferred employees: Hours paid in Nebraska in the base year to employees who were transferred to the project location.		
3	Moved a Nebraska business from a qualified location to another qualified location: Hours paid to the employees of the moved business in the base year.		
4	Acquired an existing Nebraska business: Hours paid at the acquired business in the base year . . .		
5	Adjusted number of base-year employee hours (In the Hours Paid column, add lines 1, 2, 3, and 4. In the FTE column, divide the number of Hours Paid by the product of 40 multiplied by the number of weeks paid in the year.)		

Section B — Current Year Employees Living in Economic Redevelopment Area		Compensation Subject to Medicare Tax	Hours Paid	FTE [Hours / (40xwks pd in yr)]
6	Current year compensation and hours paid at the project location to resident base-year employees or to resident new employees who earned the required rate of pay, and were timely E-verified.			
a	Base-year employees with current year hours			
b	New (non-base year) employees (See instructions).			
7	Total of compensation, hours paid, and FTE (In the Compensation and Hours Paid columns, add lines 6a and 6b. In the FTE column, divide the number in the Hours Paid column by the product of 40 multiplied by the number of weeks paid in the year.			

Section C — Number of Full-Time Equivalents (FTE)

8	Application Growth for employees who live in an economic redevelopment area (line 7 FTE column minus line 5 FTE column). Enter here and on Form 544N, Schedule A, line 11.	8
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Schedule C-1 — Urban Redevelopment Act Investment

Name on Return	Agreement Number	Date of Application	Nebraska ID Number	Tax Year End
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Section A — Current Year Investment at the Project		Value of Qualified Property
1 Owned property	1	
2 Property leased from an unrelated person	2	
3 Property leased from a related taxpayer	3	
4 Current year total (add lines 1, 2, and 3). Enter here and Form 544N, Page 2, line 4	4	

Section B — Cumulative Investment at the Project		
5 Prior year cumulative investment (prior year Schedule C-1, line 9)	5	
6 Owned property or property leased from a related taxpayer previously claimed as investment. Enter the original cost of retired qualified property placed in a service on or after the date of application	6	
7 Property leased from unrelated person. Enter the total value of completed or canceled leases previously claimed as investment	7	
8 Total (add lines 6 and 7)	8	
9 Cumulative net investment (line 4 plus line 5 minus line 8). Enter here and on Form 544N, Page 2, line 5.	9	

Section C — Investment Credit		
10 Divide line 9 by \$50,000 (round down to whole number)	10	
11 Investment credit (multiply line 10 by \$2,750).	11	
12 Investment credits previously earned	12	
13 Current year investment credit (line 11 minus line 12). Enter here and on Form 544N, Page 2, line 10	13	

Schedule C-2 — Urban Redevelopment Act Investment

Name on Return	Agreement Number	Date of Application	Nebraska ID Number	Tax Year End
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Section A — Current Year Investment at the Project		Value of Qualified Property
1 Owned property	1	
2 Property leased from an unrelated person	2	
3 Property leased from a related taxpayer	3	
4 Current year total (add lines 1, 2, and 3). Enter here and Form 544N, Page 2, line 4	4	

Section B — Cumulative Investment at the Project		
5 Prior year cumulative investment (prior year Schedule C-2, line 9)	5	
6 Owned property or property leased from a related taxpayer previously claimed as investment. Enter the original cost of retired qualified property placed in a service on or after the date of application	6	
7 Property leased from unrelated person. Enter the total value of completed or canceled leases previously claimed as investment	7	
8 Total (add lines 6 and 7)	8	
9 Cumulative net investment (line 4 plus line 5 minus line 8). Enter here and on Form 544N, Page 2, line 5.	9	

Section C — Investment Credit		
10 Multiply Line 9 by 5% (round down)	10	
11 Investment credits previously reported	11	
12 Current year investment credit (line 10 minus line 11). Enter here and on Form 544N, Page 2, line 10	12	

Schedule D — Urban Redevelopment Act Distribution of Tax Credits

Name on Return	Agreement Number	Date of Application	Nebraska ID Number	Tax Year End
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If tax credits are distributed, check box below:

Distributed by Applicant **Redistribution of Tax Credits Received from:**

Applicant

1 Total tax credits distributed to partners, shareholders, members, patrons, or beneficiaries . . . **1**

	A Name of Partner, Shareholder, Member, Patron, or Beneficiary	B Federal ID Number (FEIN)	C Social Security Number or Nebraska ID Number	D Percentage Share of Ordinary Income	E Distributed Tax Credits (Column D x line 1)
2a					
b					
c					
d					
e					
f					
g					
h					
i					
j					
k					
l					
m					
n					
o					
p					
q					
r					
3	Total (Column E total must equal the amount entered on line 1 of the Schedule D above)			100%	

If you distributed tax credits, you must inform the partners, shareholders, members, or beneficiaries listed on the worksheet of the approved distributed credit amount on the Nebraska Schedule K-1N. This information will allow the recipients to complete Form 3800N.

Instructions for Urban Redevelopment Act Incentive Computation, Form 544N

Who Must File. A taxpayer with an Urban Redevelopment Act (Act) project must file a Form 544N including supporting schedules and Excel workbooks with the taxpayer's unitary Nebraska income tax return for the year of application and each year through the end of the performance period.

When and Where to File. The Form 544N and supporting schedules must be filed as an attachment to the taxpayer's Nebraska income tax, financial institution, or partnership return. The Form 544N, supporting schedules and detailed employment and investment workbooks must also be uploaded to [DOR's secure file sharing system](#). However, the taxpayer may file the Form 544N reporting the initial attainment of minimum levels with DOR prior to filing the income tax return for the year levels were met.

Failure to complete the Form 544N will be considered a violation of the terms of the agreement and will be grounds for delay, termination, or recapture of benefits.

General Instructions

1. Follow the specific line instructions provided for each page and schedule.
2. **Rounding instructions.**
 - For all dollar values, enter amounts in whole dollars. Do not include cents. Round any amount from 50 cents to 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.
 - Follow the separate instructions for Schedules A, B, for rounding hours, full-time equivalent (FTE) employees, and the income tax withholding ratio.
 - The taxpayer must attain the minimum levels of employment and investment without any benefit from mathematical rounding or truncation.

Terms

Refer to the Urban Redevelopment Act statutes for statutory definitions of terms. The definitions stated in these instructions do not supersede, alter, or otherwise change any provisions of the Nebraska tax code, regulations, DOR rulings, or court decisions.

Applicant. An applicant is one or more business entities performing business activities at a qualified location. The business entities must be within a single taxpayer.

Base-Year. The base-year is the year prior to the year of application.

Base Year Employee. A base-year employee is an individual who is employed at the project and subject to Nebraska income tax on compensation received from the taxpayer or its predecessors during the base year.

Compensation. Compensation means wages and other payments subject to federal Medicare tax.

Credit Refund of Sales and Use Taxes. A credit refund is a refund to the applicant of Nebraska and local sales and use taxes paid, either directly or indirectly, on qualifying investment.

Investment. Investment means the value of qualified property incorporated into or used at the project location. For qualified property leased by the taxpayer from an unrelated person, the average net annual rent is multiplied by the number of years of the lease for which the taxpayer was originally bound, not to exceed ten years. This includes land that is rented in connection with, and incidental to, a building that is leased.

Motor Vehicle. Motor vehicle is defined in [Neb. Rev. Stat. §60-339](#). Motor vehicles are not qualified property under the Act.

Number of New Employees. The number of new employees means the number of equivalent employees that are employed at the project location during a year that are in excess of the number of base-year employees. To calculate the number of new employees, subtract the number of equivalent base-year employees from the number of equivalent employees who are employed at the project during the current year.

Performance Period. Performance period means the year during which the required increases in employment and investment were met or exceeded and each year thereafter until the end of the third year after the year the required increases were met or exceeded.

Project. The application and approved amendments define project, including the person(s) conducting the business activities and the location of the project.

Qualified Location. Qualified location means any location in a city of the metropolitan class or a city of the primary class that is used or will be used by the taxpayer to conduct business activities within an economic redevelopment area.

Qualified Property. Qualified property means any tangible property of a type subject to depreciation, amortization, or other recovery under the Internal Revenue Code of 1986, as amended, or the components of such property, that will be located and used at the qualified location. Qualified property does not include: (1) aircraft, barges, motor vehicles, railroad rolling stock, or watercraft; or (2) property that is rented by the taxpayer to another person.

Ramp-up Period. Ramp-up period means two years from the date the complete application was filed with the Director of Economic Development.

Rate of Pay. The rate of pay is the amount used to determine if an employee meets or exceeds the required wage level for the calculation of the number of new employees.

Recapture of Benefits. Recapture is a reduction in benefits when the taxpayer fails to maintain the minimum levels of employment or investment for all years during the performance period.

Related Taxpayers. Related taxpayers mean any corporations that are part of a unitary business under the Nebraska Revenue Act of 1967 but are not part of the same corporate taxpayer, any business entities that are not corporations but which would be a part of the unitary business if they were corporations, and any business entities if at least 50% of the entities are owned by the same persons or related taxpayers and family members as defined in the ownership attribution rules of the Internal Revenue Code of 1986, as amended.

Taxpayer. Taxpayer means any person subject to sales and use taxes under the Nebraska Revenue Act of 1967 and subject to withholding under section 77-2753 and any entity that is or would otherwise be a member of the same unitary group, if incorporated, that is subject to such sales and use taxes and such withholding.

Year. The year is the federal taxable year of the taxpayer.

Instructions For Form 544N, Page 1

Form 544N, Page 1, must be completed for each application for each year of the ramp-up and performance periods.

Specific Instructions

Nebraska ID Number. Enter the Nebraska ID number assigned by DOR or the individual's Social Security number.

Federal ID Number. Enter the Federal ID number assigned by the Internal Revenue Service.

Tax Year End. Enter the last day of the tax year reported on this Form 544N.

Agreement Number. Enter the agreement number stated in the heading of the Urban Redevelopment Act agreement with the Director of Economic Development.

Date of Application. Enter the date of the application stated in the Urban Redevelopment Act agreement.

Level Selected. Enter whether the application is for an Investment Level only or Employment and Investment Level project. An election can be made, in the year of qualification only, to change the level from what was indicated in the application. The election is binding and cannot be amended.

Name of Contact Person. Enter the name of the individual authorized to receive and provide information to DOR on Form 544N and supporting schedules. Designating a contact person gives that individual a limited power of attorney covering the information on Form 544N. The contact person has authority to receive confidential information on behalf of the taxpayer and to provide additional information.

Email Address. Enter the email address of the contact person or opt-out of providing information via email. DOR will send all confidential information by secure email or the State of Nebraska secure file sharing system. If you do not wish to exchange confidential information by email, check the box labeled “Opt-Out” on the line labeled “email address.”

Instructions For Form 544N, Page 2

General Instructions

The project’s investment level, employment level, and utilization of tax credits are summarized on Form 544N, Page 2.

Each year must be reported on a separate Form 544N. Many of the numbers reported on Page 2 are calculated on supporting schedules. See the supporting schedules and their instructions for information on how to calculate the required data.

For applicants who selected the Employment and Investment level, the attainment or maintenance of levels at the project is based upon the number of new FTE employees on line 3 and the cumulative net project investment on line 5.

For applicants who selected the Investment Only level, the attainment or maintenance of levels at the project is based upon the cumulative net project investment on line 5.

Specific Instructions

Section 1 — Analysis of Employment

Lines 1 Through 3. The information reported on these lines is limited to activity at the project. The information reported is based upon the calculation on Schedule A.

Applicants who have selected the Investment Only level do not need to complete Section 1.

Section 2 — Analysis of Investment

Lines 4 Through 5. The information reported on these lines is limited to activity at the project. The information reported is based upon the calculation on either Schedule C-1 or C-2. Applicants who selected the Employment and Investment level, complete Schedule C-1. Applicants who have selected the Investment Only level, complete Schedule C-2.

Section 3 — Remaining Credits Available

Line 6. Enter the maximum amount of credits authorized in the original agreement.

Line 7. Enter total amount of credits earned on prior year Forms 544N.

Line 8. Line 6 minus line 7. The remaining credit amount cannot be less than zero.

Section 4 — Establishment and Usage of Credits for Current Year

Line 9. This line is only completed for years in the performance period for applicants who selected the Employment and Investment level. Applicants who have selected the Investment Only level do not need to complete Line 9.

If the employment level reported on line 3 and the cumulative investment reported on line 5 exceed the minimum required levels for the project, enter the employment credits calculated on Schedule A, line 16. The employment credit cannot exceed the amount entered on line 8.

If the taxpayer failed to maintain the project at the minimum levels of employment and investment under the Act, no tax credits are earned for the year. In addition, all benefits will be partially recaptured from the taxpayer.

Line 10. This line is only completed for years in the performance period.

If the project is an Employment and Investment level project and the employment level reported on line 3 and the cumulative investment reported on line 5 exceed the minimum required levels for the project, enter the investment credits calculated on Schedule C-1, line 9.

If the project is an Investment Only level project and the cumulative investment reported on line 5 exceeds the minimum required level, enter the investment credits calculated on Schedule C-2, line 9.

Line 11. Enter the lesser of line 8, or line 9 plus line 10.

Line 14. Enter tax credits used in the year to offset income tax withholding on any Nebraska Income Tax Withholding Return, Form 941N or Nebraska Reconciliation of Income Tax Withheld Form W-3N approved by DOR.

Line 15. Enter tax credits used for sales or use tax refunds on any Tax Incentive Claim for Refund of Sales and Use Taxes, Form 7-I approved by DOR.

Line 16. Enter tax credits used for reimbursement of real estate taxes paid on any Claim for Refund of Real Estate Taxes Form 312RE approved by DOR.

Section 5 – Recapture

If the project did not maintain the minimum required level(s) for a year in the performance period, no credits are earned for the tax year and all refunds of reduction in tax allowed under the Act shall be partially recaptured from the taxpayer. Contact DOR for additional information.

Line 18. A project must maintain the minimum level(s) for the performance period. If the project is in recapture in the current year and has claimed prior year benefits, enter the amount of recapture owed. Recapture due is equal to one-fourth of prior credits for each year the minimum levels were not maintained. No recapture is due if credits were not paid out. Recapture due is equal to the number of years in the performance period that the project did not maintain the required levels divided by four, and then multiplied by the amount of refunds or reduction in tax previously allowed under the Act. If a prior recapture has been paid, subtract the payment from the calculated recapture due. Enter on Nebraska Incentives Credit Computation Form 3800N, Line 19, as a negative amount.

Instructions for Schedule A

Schedule A must be completed by applicants who have selected the Employment and Investment level for each year of the ramp-up and performance periods and filed as part of the Form 544N for each year of the project. Use the workbook, as provided on the [Urban Redevelopment Act](#) page on the DOR's website, to assist with the completion of the Schedule A. The completed workbook must also be uploaded by using DOR's secure file sharing system.

Instructions for Boxes in the Heading

Agreement Number. Enter the agreement number stated in the heading of the Urban Redevelopment Act agreement with the Director of Economic Development.

Date of Application. Enter the date of the application stated in the agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by DOR or the individual's Social Security number.

Tax Year End. Enter the last day of the year reported on this Form 544N.

Required Rate of Pay. Enter the required hourly rate of pay as determined by the year of application.

Salaried and Hourly. Payroll Frequency and Number of Pay Periods.

1. Enter the payroll frequency, such as weekly, biweekly, semimonthly, or monthly.
2. Enter the total number of pay dates in the year being reported. Count every pay date even if a payment was not issued on that date.

The following factors may affect the number of pay dates:

- If employees are paid on the same day of the week, it may result in an extra pay date in the year;
- If the taxpayer or its predecessor was in existence prior to hiring the first employee; or
- If the taxpayer and its predecessor was not in existence for the entire year.

Weeks Paid in the Base Year. Enter the number of weeks paid in the base year.

Weeks Paid in the Current Year. Enter the number of weeks paid in the year reported.

General Instructions Schedule A

Schedule A is only required for Employment and Investment level projects.

Schedule A is used to calculate the employment growth at the project location(s) identified in the agreement, the employment credit earned, and the income tax withholding ratio used for a refund of Nebraska income tax withholding.

The employment growth equals the overall project employment growth utilizing a full-time equivalent (FTE) calculation based on an increase in hours paid at the project location(s) identified in the agreement.

- Hours included in the FTE employee calculation are hours paid in the year for time worked and for leave time used instead of work (for example, hours recorded for regular, overtime at straight time, vacation, holiday, jury, funeral, and sick leave).
- Hours recorded in the payroll system to generate additional compensation cannot be included in the FTE employee calculation (for example, vacation pay upon termination, hours recorded to generate a bonus or severance payment, or to generate overtime pay differential, and hours recorded to pay disability).

- Hours included in the calculation of Schedule A are limited to hours paid to employees of the taxpayer at the qualified location(s) or teleworkers. A teleworker's hours are only allowable if the teleworker's residence is located in the economic redevelopment area in which the taxpayer's qualified location is located.
- A salaried employee who receives a predetermined amount of compensation each pay period is considered to have worked 40 hours per week.

Section A – Base-Year Employees

General Instructions

Section A calculates the number of equivalent base-year employees. Hours worked by individuals who are not Nebraska residents are not included in the calculation.

Base-year employees include individuals who were Nebraska residents, were employed in Nebraska and subject to the Nebraska income tax on compensation received from:

- The taxpayer or its predecessors during the base year;
- If the taxpayer acquires an existing business, the employment is computed as though the taxpayer had owned the business for the base year; and
- If the taxpayer moved a business from a qualified location not included in the agreement to a project location and the business was operated in a qualified location during the base year, the increase in employment is computed as though the taxpayer had operated the business at the original business location for the entire base year.

The number of base-year employees will not decrease. However, employees will not be considered base-year employees for more than one agreement of the taxpayer with the same base year for two projects. In this situation, these employees should be counted in the base year of the taxpayer's project at which they were last employed. There is no adjustment for an individual who is no longer employed at the project locations.

Section A must be updated each year, for adjustments to the previously calculated base-year employees, through the end of the performance period.

The FTE column is calculated by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. Count every pay date even if a payment was not issued on that date. The number of weeks paid in a year may vary due to the pay date and payroll frequency of the applicant, or if the taxpayer or its predecessor was not in existence for the entire year.

Examples:

- If the payroll frequency is weekly and there are 53 pay dates in the year, the number of weeks paid in the year is 53, even though some of the hours were worked in the prior year.
- If the payroll frequency is monthly and the year has 365 days, the number of weeks paid in the year is 52.14 (365 days divided by 7 days in a week).
- If the taxpayer or its predecessor existed for a portion of the year, and had only three pay dates for biweekly pay periods during the year, the number of weeks paid in the year is six.

If the number of weeks paid is not the same for the time periods used to compute lines 1, 2, 3, and 4, calculate the FTE column for each line and add the resulting FTE employee numbers.

If the salaried and the hourly employees are not paid on the same payroll frequency, calculate Section A for the salaried employees and the hourly employees separately, and add the resulting FTE employee numbers.

Compute the FTE employees to 3 decimals and round to 2 decimals. For example, 87.565 rounds to 87.57 and 87.564 rounds to 87.56.

Specific Line Instructions

Line 1. For any year other than the year of Application, enter the adjusted base-year employee hours reported on Schedule A, line 5, of the prior year. There is no adjustment for an individual who is no longer employed at the project location(s).

For the Application Year.

DOR certified the base year. If the taxpayer filed Urban Redevelopment Act Base Year Employment Certification, Form 544B and a base year certification has been completed by DOR, enter the certified number on line 1.

DOR did not conduct a base year certification. If the taxpayer did not file Urban Redevelopment Act Base Year Employment Certification, Form 544B, report the hours paid in Nebraska to employees who worked at a project location at any time in the base year. Include all hours paid to an employee for work in Nebraska, even if the employee worked at the project location for only a portion of the base year.

Line 2. If any employees worked for the taxpayer at a location not included in the project in Nebraska in the base year and then worked at the project location at any time after the base year, enter the hours paid to those employees in the base year. These hours remain in the base year calculation for all years, even if the employee's employment at the project location ended.

Line 3. If the taxpayer moved a business in Nebraska from a qualified location not included in the project and the business was moved to a project location during the current year, enter all hours paid in the base year to all individuals employed at the original business location at any time in the base year. Include hours paid to all individuals employed at the original business location during this time period even though some individuals did not move to the project location.

Line 4. If the taxpayer acquired an existing Nebraska business located in a qualified location, enter the hours paid by the acquired business in the base year.

Line 5. In the Hours Paid column, add lines 1, 2, 3, and 4 to compute the adjusted number of base-year employee hours.

In the FTE column, calculate the adjusted number of base-year employees: 1) multiply 40 times the number of weeks paid in the base year; and 2) divide the Hours Paid column amount by this number.

Section B – Current Year Analysis

General Instructions

Section B categorizes the compensation subject to Medicare tax and hours paid at the project locations. The compensation and hours paid during the current year to employees are segregated based on whether the employees were base-year employees or new employees, whether an employee is a Nebraska resident, on their rate of pay, and whose work eligibility status was not timely confirmed using E-Verify. After determining the appropriate line of Section B to report an employee's hours, report the compensation subject to Medicare tax in the Compensation Subject to Medicare Tax column for this line. Report all hours paid in the year in the Hours Paid column, even though some of the hours were worked in the prior year.

Base-year employees are those Nebraska resident individuals with hours included in the calculation of Section A. New employees are those individuals who are not base-year employees.

The compensation paid to each new employee is compared to the required annual rate of pay to determine how to categorize his or her compensation and hours paid. An annualized rate of pay is calculated for: An employee with compensation less than the required rate of pay who worked part time or worked only a portion of the year; and an employee who was paid for more than 52 weeks in the year. The annualized rate of pay is ONLY used to determine whether or not the employee met the required annual rate of pay.

The required annual rate of pay varies by the calendar year of application. The required annual rate of pay is 70% of the Nebraska statewide hourly wage times 40 times the number of weeks paid in the year.

The FTE column is calculated by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. Count every pay date even if a payment was not issued on that date. The number of weeks paid in a year may vary due to the pay date and payroll frequency of the applicant, or if the taxpayer or its predecessor was not in existence for the entire year.

Examples:

- If the payroll frequency is weekly and there are 53 pay dates in the year, the number of weeks paid in the year is 53.
- If the payroll frequency is monthly and the year has 365 days, the number of weeks paid in the year is 52.14 (365 days divided by 7 days in a week).
- If the taxpayer or its predecessor existed for a portion of the year, and had only three pay dates for biweekly pay periods during the year, the number of weeks paid in the year is six.

If salaried and hourly employees were not paid on the same payroll frequency, calculate Section B for the salaried employees and the hourly employees separately, and add the resulting FTE numbers.

E-Verify, the federal electronic verification program or a successor program, must be used to evaluate the work eligibility of all newly-hired employees hired on or after the date of application. The hours worked and compensation paid to an employee who was not eligible to work in Nebraska according to E-Verify, or an employee whose work eligibility status was not timely verified using E-Verify must be excluded from lines 6b for the life of the Agreement.

Compute the FTE employees to 3 decimals and round to 2 decimals. For example, 87.565 becomes 87.57 and 87.564 becomes 87.56.

Specific Line Instructions

Line 6a. Enter the compensation and the number of hours paid in the current year to Nebraska resident employees who have hours included in Section A, Base-Year Employees.

Line 6b. For Nebraska resident employee whose work eligibility status was timely verified using E-Verify, who were not base-year employees, and were paid the required rate of pay for the year, enter the current year compensation and number of hours paid.

Line 7. Add lines 6a and 6b of the Compensation column and the Hours Paid column. In the FTE column, calculate the current FTEs by 1) multiplying 40 times the number weeks paid in the current; and 2) dividing the Hours Paid column amount by this number.

Section C – Number of Full-Time Equivalents (FTE)

The FTE growth for the project is the overall project employment growth. The project must attain the minimum level of employment without any benefit from mathematical rounding or truncation.

Line 8. Enter the number of new FTE employees (line 7 FTE column minus line 5 FTE column).

Line 9. Enter highest FTE growth for employees from prior performance period years for which employment credits have been previously earned. The FTE growth is rounded down to zero decimals. If the current year is the first year of the performance period, enter zero.

Line 10. Enter the increase of FTE growth for employees compared to prior performance period years (Round down line 8 to the nearest whole number minus line 9).

Line 11. Enter the number of new FTE employees who live in economic redevelopment area (Schedule B line 8).

Line 12. Enter highest FTE growth for employees who live in an economic redevelopment area from prior performance period years for which employment credits have been previously earned. The FTE growth is rounded down to zero decimals. If the current year is the first year of the performance period, enter zero.

Line 13. Enter the increase of FTE growth for employees who live in an economic redevelopment area compared to prior performance period years (Round down line 11 to the nearest whole number minus line 12).

Section D – Employment Credit

Applicants who selected the Employment and Investment level, only complete Section D for a year in the performance period with at least five full-time equivalent employees on Schedule A, line 8 and \$150,000 on Schedule C-1, line 9.

Line 14. Compute the employment credit earned for the current year. (Line 10 multiplied by \$3,000).

Line 15. Compute the additional employment credit earned for the current year attributable to FTE growth for employees who live in an economic redevelopment area. (Lesser of Line 10 or Line 13 multiplied by \$1,000).

Line 16. Add lines 14 and 15. The employment credit cannot exceed the remaining reserved tax credits on Page 2, line 8. Enter amount on Page 2, line 9.

Section E – Withholding Ratio

Lines 17a through 22 are required if credits will be used to offset payroll withholding.

Line 17a. Enter any non-project Nebraska compensation for activities included in the Nebraska income tax withholding filings for the year (for example, compensation for locations not included in the agreement).

Line 17b. Enter any Nebraska compensation for employees who were paid due to employment at the project location, but who have no hours included in the calculation of Section B in the current year (for example, severance payments, hiring bonuses, and life insurance premiums).

Line 17c. Enter any compensation for employees who did earn the required rate of pay.

Line 17d. Enter any Nebraska compensation for employees hired on or after the date of application who have compensation for work at the project location but whose work eligibility status was not timely verified using E-Verify, or who were not eligible to work in Nebraska according to E-Verify.

Line 17e. Enter any Nebraska compensation paid for employees who are not Nebraska residents.

Line 17f. Add lines 17a, 17a, 17b, 17c, 17d, and 17e.

Line 18. Enter the total Nebraska compensation subject to Medicare tax. Add line 7, Compensation column, and line 17f.

Line 19. Enter the average compensation attributable to new equivalent employees, line 7 compensation column divided by line 7 FTE column.

Line 20. Enter the compensation attributable new equivalent employees, line 8 times line 19.

Line 21. Divide line 20 by line 18 and enter the income tax withholding ratio. Enter here and on Form 544N, Page 2, line 2. Calculate this number to 5 decimal places and round to 4 decimal places. For example, .11237 becomes .1124, or 11.24% of the amount withheld.

Line 22. Enter the total payments subject to Nebraska income tax withholding for ALL activities included in the Nebraska income tax withholding returns filed for the current year.

Filing Requirement for Schedule B

Schedule B is used to calculate the employment growth at the project location(s) attributable to employees who live with an economic redevelopment area.

Instructions for Boxes in the Heading

Agreement Number. Enter the agreement number stated in the heading of the Urban Redevelopment Act agreement with the Director of Economic Development.

Date of Application. Enter the date of the application stated in the agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the Nebraska Department of Revenue (DOR) or the individual's Social Security number.

Tax Year End. Enter the last day of the year reported on this Form 544N.

Required Rate of Pay. Enter the required annual rate of pay. This is equal to the hourly amount times 2080 hours.

Instructions for Schedule B

The compensation and hours paid to employees who resided within an economic redevelopment area for work at the project location are recorded on Schedule B and used to determine if the project is eligible for additional employment credits.

Schedule B instructions for the completion of Lines 1 through 5 are the same as Schedule A except Schedule B only includes employees who resided in an economic redevelopment area at the end of the tax year.

Line 6a. Enter the current year compensation and the number of hours paid for work at the project location to employees who lived in an economic redevelopment area at the end of the tax year and whose hours were included in Section A, Base-Year Employees.

Line 6b. Enter the current year compensation and number of hours paid to employees whose work eligibility status was timely verified using E-Verify, who were not base-year employees, who were paid the required rate of pay for the year for work at the project location, and who lived in an economic redevelopment area at the end of the tax year.

Line 7. Add lines 6a and 6b of the Compensation column and the Hours Paid column. In the FTE column, calculate the current FTEs who live in an economic redevelopment area by 1) multiplying 40 times the number weeks paid in the current year; and 2) dividing the FTE column amount by this number.

Line 8. Enter the number of new FTEs who live in an economic redevelopment area at the end of the tax year (line 7 FTE column minus line 5 FTE column). Enter this amount on Schedule A line 11.

Schedule C – 1 (Employment and Investment Level)

Instructions for Boxes in the Heading

Agreement Number. Enter the agreement number stated in the heading of the Urban Redevelopment Act agreement with the Director of Economic Development.

Date of Application. Enter the date of the application stated in the agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the Nebraska Department of Revenue (DOR) or the individual's Social Security number.

Tax Year End. Enter the last day of the year reported on this Form 544N.

Instructions for Schedule C-1 (Employment and Investment Level)

When to File. Schedule C-1 must be completed and filed as part of the Form 544N for each year of the application through the end of the performance period for applicants who have selected the Employment and Investment level.

Schedule C-1 is used to calculate the investment, cumulative investment, and investment credit for the project for each year. An applicant will not be eligible to use the investment credit until the project has attained the minimum levels of employment and investment. Use the workbook, as provided on the [Urban Redevelopment Act](#) page on the DOR's website, to assist with the completion of the Schedule C-1. The completed workbook must also be uploaded by using DOR's secure file sharing system.

Cumulative Investment. Cumulative investment at the project determines whether the project has attained or maintained the minimum investment level. Investment made on or after the date of application and prior to the end of the current year, less retirements of owned property previously claimed and the value of leases no longer in effect, will determine whether a project has attained or maintained the required investment level.

Timing of Investment. For tangible personal property owned by the applicant, the property will be considered an investment when it is placed in service as defined in the IRC. For improvements to real estate owned by the applicant or leased from a related taxpayer, the date of the investment is the date the personal property was incorporated into the real estate. For property leased by the applicant from an unrelated person, the property will be considered an investment when control of the property was transferred to the applicant.

Section A – Current Year at the Project

The investment at the project location(s) may be owned, leased from a related taxpayer, or leased from an unrelated person.

Lines 1 and 3. For qualified property owned by the taxpayer or property leased from a related taxpayer, enter the original cost.

Line 2. For qualified property leased from an unrelated person; compute the lease value in the year the lease begins by multiplying the average net annual rent times the number of years originally bound by the lease, not to exceed ten years. The average net annual rent for real estate may include an amount paid to the lessor for the cost of the real estate, real estate property taxes, and real property insurance. Common area maintenance costs are not allowed as investment and cannot be included in the average net annual rent.

Line 4. Add lines 1, 2, and 3. Enter here and on current year investment on Form 544N, Page 2, line 4. Round this amount to a whole number.

Section B – Cumulative Investment at the Project

Cumulative investment at the project is the sum of all qualified property placed in service on or after the date of application which is still in use at the project at the end of the year, including property placed in service in a year the project did not maintain the minimum required level of employment or investment.

Line 5. Enter the prior cumulative investment from Schedule C-1 line 9. In the year of application, enter zero.

Line 6. Enter the original cost of any qualified property owned by the applicant or leased from a related person that was claimed as investment at the project and has been retired in this year, or is no longer in use.

Line 7. In the year the applicant completes or cancels a lease from an unrelated person originally included in the calculation of investment for the project, enter the original investment value. The lease is considered to be complete the day after the final period covered by the lease. If you have a previously claimed credit for a lease which you did not maintain for the full term of the lease, contact DOR for specific instructions.

Section C – Investment Credit

Do not complete Section C during the ramp-up period. If the application has not met or exceeded the minimum levels of employment and investment.

During the performance period, if the application has met or exceeded the minimum levels of employment and investment, complete Section C, lines 10-13.

Line 10. Divide line 9 by \$50,000. Round down to whole number.

Line 12. In the year of qualification, enter zero. Otherwise, enter investment credit earned in prior years.

Line 13. If the project meets or exceeds the minimum levels of employment and investment, compute the investment credit earned for the year by subtracting line 12 from line 11. If the application has not met or exceeded the minimum levels of employment and investment, enter zero. Enter amount on Form 544N, Page 2, line 10.

Schedule C – 2 (Investment Only Level)

Instructions for Boxes in the Heading

Agreement Number. Enter the agreement number stated in the heading of the Urban Redevelopment Act agreement with the Director of Economic Development.

Date of Application. Enter the date of the application stated in the agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the Nebraska Department of Revenue (DOR) or the individual's Social Security number.

Tax Year End. Enter the last day of the year reported on this Form 544N.

Instructions for Schedule C-2 (Investment Only Level)

When to File. Schedule C-2 must be completed and filed as part of the Form 544N for the year of the application through the end of the performance period for applicants who have selected the Investment Only level.

Schedule C-2 is used to calculate the investment, cumulative investment, and investment credit for the project for each year. An applicant will not be eligible to use the investment credit until the project has attained the minimum level of investment. Use the workbook, as provided on the [Urban Redevelopment Act](#) page on the DOR's website, to assist with the completion of the Schedule C-2. The completed workbook must also be uploaded by using DOR's secure file sharing system.

Cumulative Investment. Cumulative investment at the project determines whether the project has attained or maintained the minimum investment level for the selected level. Investment made on or after the date of application and prior to the end of the current year, less retirements of owned property previously claimed and the value of leases no longer in effect, will determine whether a project has attained or maintained the required investment level.

Timing of Investment. For tangible personal property owned by the applicant, the property will be considered an investment when it is placed in service as defined in the IRC. For improvements to real estate owned by the applicant or leased from a related person, the date of the investment is the date the personal property was incorporated into the real estate. For property leased by the applicant from an unrelated person, the property will be considered an investment when control of the property was transferred to the applicant.

Section A – Current Year at the Project

The investment at the project location(s) may be owned, leased from a related person, or leased from an unrelated person.

Lines 1 and 3. For qualified property owned by the taxpayer or property leased from a related taxpayer, enter the original cost.

Line 2. For qualified property leased from an unrelated person, compute the lease value in the year the lease begins by multiplying the average net annual rent times the number of years originally bound by the lease, not to exceed ten years. The average net annual rent for real estate may include an amount paid to the lessor for the cost of the real estate, real estate property taxes, and real property insurance. Common area maintenance costs are not allowed as investment and cannot be included in the average net annual rent.

Line 4. Add lines 1, 2, and 3. Enter here and on current year investment on Form 544N, Page 2, line 4. Round this amount to a whole number.

Section B – Cumulative Investment at the Project

Cumulative investment at the project is the sum of all qualified property placed in service on or after the date of application which is still in use at the project at the end of the year, including property placed in service in a year the project did not maintain the minimum required level of investment.

Line 5. Enter the prior cumulative investment from Schedule C-2 line 9. In the year of application, enter zero.

Line 6. Enter the original cost of any qualified property owned by the applicant or leased from a related person that was claimed as investment at the project and has been retired in this year or is no longer in use.

Line 7. In the year the applicant completes or cancels a lease from an unrelated person originally included in the calculation of investment for the project, enter the original investment value. The lease is considered to be complete the day after the final period covered by the lease. If you have a previously claimed credit for a lease which you did not maintain for the full term of the lease, contact DOR for specific instructions.

Section C – Investment Credit

Do not complete Section C during the ramp-up period, if the application has not met or exceeded the minimum levels of investment.

During the performance period, if the application has met or exceeded the minimum levels of investment, complete Section C, lines 10-12.

Line 10. Multiply line 9 by 5%. Round down to a whole number.

Line 11. In the year of qualification, enter zero. Otherwise enter investment credit previously earned from prior years.

Line 12. If the project meets or exceeds the minimum level of investment, compute the investment credit earned for the year by subtracting line 11 from line 10. If the application has not met or exceeded the minimum levels of investment, enter zero. Enter amount on Form 544N, Page 2, line 10.

Instructions for Schedule D

Distribution of Tax Credits

Who Must Complete. The parent company of the applicant's unitary income tax return or recipient of tax credits that is a partnership; S corporation; limited liability company that has elected to be taxed as a partnership; cooperative; estate; or trust, may elect to distribute all or part of the tax credits to its owners. Schedule D must be completed if there is a distribution of credits. A recipient of tax credits, that is one of the entity types listed above, must file Schedule D and complete the distribution of tax credits information for every year the recipient elects to distribute the tax credits to its owners.

The tax credits must be distributed in the same manner as ordinary income is distributed. The tax credits may be used by the recipient for the tax year of the distribution. The tax credits may be used to offset the recipient's Nebraska income tax liability, and are not refundable.

The distribution of tax credits is considered a use of the tax credits and cannot be reduced at a later time. Recapture, if applicable, is based on the amount of tax credits distributed. It is not based on the amount of tax credits actually used by the recipients.

If the project includes multiple entities including a lower level pass-through entity, the lower level flow-through pass-through entity cannot distribute credits.

Agreement Number. Enter the agreement number stated in the heading of the Urban Redevelopment Act agreement with the Director of Economic Development.

Date of Application. Enter the date of the application stated in the agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by DOR or the individual's Social Security number.

Tax Year End. Enter the last day of the year reported on this Form 544N.

Applicant. Enter the name of the applicant or the person who received the project in its entirety by transfer.

Specific Line Instructions

Line 1. Enter the total tax credits distributed to partners, shareholders, members, patrons, or beneficiaries here. If this is a distribution by the project holder, also enter on Form 544N, page 2, line 13.

Line 2. Enter each partner's, shareholder's, member's, patron's, or beneficiary's name, Federal ID Number, Social Security number or Nebraska ID number, percentage share of ordinary income, and distributed share of the tax credits reported.

Line 2, Column E. Multiply the percentage in column D by the total distribution on line 1.

Line 3, Column D. The total of all the percentages must be 100%, other than for rounding difference.

Line 3, Column E. Total all of the tax credits distributed on line 2. The total must equal the amount of distributed tax credits on line 1, other than for rounding differences.