



2003 Annual Report



Employment and Investment Growth Act
LB775

Employment Expansion
and Investment Incentive Act
(Including Enterprise Zone Act)
LB 1124, LB 608

Quality Jobs Act
LB 829

Rural Economic Opportunities Act
LB936

Invest Nebraska Act
LB 620

STATE OF NEBRASKA

DEPARTMENT OF REVENUE

Mary Jane Egr
Tax Commissioner



Mike Johanns
Governor

March 15, 2004

Senator Curt Bromm
Speaker of the Legislature
2103 State Capitol
Lincoln, NE 68509

Dear Speaker Bromm:

We are submitting the 2003 annual report on the Employment and Investment Growth Act, the Employment Expansion and Investment Incentive Act, the Quality Jobs Act, the Rural Economic Opportunities Act, and the Invest Nebraska Act as required by law.

A copy of this report has been delivered to all members of the Unicameral. It is also one of the annual publications available on the Internet at www.revenue.state.ne.us.

If you have any questions, please contact Tom Norris at (402) 471-5800 or Mary Hugo at (402) 471-5790.

Sincerely,

A handwritten signature in blue ink, appearing to be "MJ Egr", with a long horizontal line extending to the right.

Mary Jane Egr
State Tax Commissioner

Enclosure

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*Employment and Investment Growth Act,
LB 775, as amended*



Neb. Rev. Stat. §77-4110 states:

77-4110. Annual report; contents. (1) The Tax Commissioner shall submit an annual report to the Legislature no later than March 15 of each year.

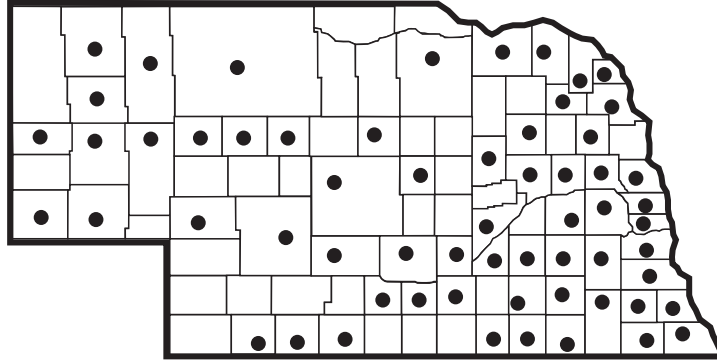
(2) The report shall list (a) the agreements which have been signed during the previous calendar year, (b) the agreements which are still in effect, (c) the identity of each taxpayer, and (d) the location of each project.

(3) The report shall also state by industry group (a) the specific incentive options applied for under the Employment and Investment Growth Act, (b) the refunds allowed on the investment, (c) the credits earned, (d) the credits used to reduce the corporate income tax and the credits used to reduce the individual income tax, (e) the credits used to obtain sales and use tax refunds, (f) the number of jobs created, (g) the total number of employees employed in the state by the taxpayer on the last day of the calendar quarter prior to the application date and the total number of employees employed in the state by the taxpayer on subsequent reporting dates, (h) the expansion of capital investment, (i) the estimated wage levels of jobs created subsequent to the application date, (j) the total number of qualified applicants, (k) the projected future state revenue gains and losses, (l) the sales tax refunds owed to the applicants, (m) the credits outstanding, and (n) the value of personal property exempted by class in each county.

(4) No information shall be provided in the report that is protected by state or federal confidentiality laws.

(5) By December 1, 1990, the Department of Revenue shall prepare a report with the available information required in this section for all prior years the act has been in effect. Information required in this section that is not available to the department for the report due December 1, 1990, shall be provided in the next annual report.

LB 775 Activity Through 12/31/2003



A company has to file an application with the Nebraska Department of Revenue describing their project and stating the planned amount of investment and additional employment. The applications are reviewed, and if approved, the Nebraska Department of Revenue and the applicant enter into a written agreement. An application or an agreement can be withdrawn. Also, an application or agreement may be deleted for failure to meet the required levels within the time allowed.

Analysis of Applications and Agreements				
	Applications Received	Active Projects	Planned Investment (billions)	Planned New Jobs
Signed Agreements				
Active	339	339	4.991	32,628
Withdrawn	50			
Deleted	72			
Completed	67			
Subtotal-total signed agreements	528			
Applications				
Pending as of 12/31/03	150	150	2.966	16,231
Withdrawn	76			
Deleted	83			
Total	837	489	\$7.957	48,859

To earn the credits provided by LB 775, the investment must be made and the jobs created during the “attainment period,” which includes the year of the application and the succeeding six tax years. Three hundred and forty-three projects have reached the minimum required levels and qualified to receive credits and/or sales and use tax refunds. Sixty-seven of these projects have received all expected benefits and are completed.

Table 1 Analysis of Active Applications by Year of Application and, if Qualified, by Year Qualification Verified

Application Year	Total Number of Active Projects	Year Verified																	Total	Completed Projects	Active Qualified Projects
		1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003				
1987	90	13	30	23	11	1	6	4	1	1								90	52		
1988	29		2	10	6	3		2	3	2		1						29	10	19	
1989	28			1	4	4	9	1	6	3								28	2	26	
1990	15					4	2		4	4	1							15	2	13	
1991	13					2	1	3	2	2		2	1					13		13	
1992	16							3	4	2	3	2		1	1			16		16	
1993	13								5	3	2	2	2					12		12	
1994	22								6	4	7	3		1				21		20	
1995	41									6	13	6	4	5	3	3		40		40	
1996	33										2	9	8	2	3	4		29		29	
1997	32												6	7	4	2	3	19		22	
1998	26												3	1	1	3	3	8		11	
1999	35													3	2	3	3	6		9	
2000	34													1	3	2	2	4		6	
2001	37														3	3	2			9	
2002	55														1	3	2	4		6	
2003	37															2				2	
Total	556	13	32	34	21	14	18	13	31	27	28	23	*24	17	16	18	14	343	67	276	
Completed Projects	67	13	21	18	9	1	3	0	1	0	1							67			
Active Projects	489	0	11	16	12	13	15	13	30	27	27	23	*24	17	16	18	14	276			

* One project withdrew their application after qualification verified.

Agreements Signed in 2003 That are Still in Effect

Company Name	Project Size	Project Location
1 ADT Security Services, Inc.	\$12.2M + 400 emp	Omaha and Papillion
2 Alltel Communications Holdings of the Midwest, Inc.	\$20M	Nebraska
3 Alltel Communications Holdings of the Midwest, Inc.	\$52M	Omaha, Grand Island, Norfolk and other future locations
4 Allmand Brothers, Inc.	\$3M + 30 emp	Holdredge
5 Anderson Forest Products #1, Inc.	\$3M + 80 emp	Sidney
6 Applied Underwriters, Inc.	\$3.3M + 50 emp	Omaha
7 Artios Inc.	\$10M + 100 emp	Omaha
8 Bemis Company, Inc.	\$18M + 185 emp	Omaha
9 C & A Industries, Inc.	\$4.6M + 35 emp	Omaha
10 Farmers & Merchants Investment Inc.	\$12M + 30 emp	Statewide
11 Houchen Bindery Ltd.	\$3.2M + 30 emp	Utica
12 Information Technology, Inc.	\$3.5M + 30 emp	Lincoln
13 Malnove Holding Co, Inc.	\$10M + 30 emp	Omaha
14 National Education Loan Network	\$3.5M + 35 emp	Lincoln
15 Nebraska Furniture Mart Inc.	\$25M + 100 emp	Omaha
16 NBC Acquisition Corp.	\$10M + 100 emp	Lincoln
17 OTC Holdings, Inc.	\$10.5M + 105 emp	Omaha
18 Oilgear Company	\$17M + 110 emp	Fremont
19 Overhead Door Corporation	\$4.2M + 136 emp	Grand Island
20 Paypal, Inc.	\$16M + 800 emp	Omaha
21 Phillips Manufacturing Company	\$10.3M + 100 emp	Omaha area
22 Restful Knights Inc.	\$10M + 100 emp	Wayne
23 Security National Bank	\$5M + 30 emp	Omaha
24 Tenneco Automotive, Inc.	\$12.9M + 155 emp	Cozad
25 Union Pacific Corporation	\$281M + 30 emp	Omaha
26 Universal Cold Storage & Trucking LLC	\$3M + 30 emp	Lincoln
27 Yasufuku USA, Inc.	\$3M + 30 emp	Lincoln

Agreements Signed in 1987 That are Still in Effect

Company Name	Project Size	Project Location
1 American Business Lists	\$7.5M + 215 emp	Greater Omaha Metropolitan Area
2 Central States Health & Life Co.	\$10M + 135 emp	Greater Omaha Metropolitan Area
3 ConAgra Inc.	\$10M + 100 emp	In or around metropolitan Omaha
4 Epsen Hilmer Graphics	\$3-12M + 30 emp	Omaha
5 LRC Inc. & Subs	\$3M + 30 emp	Omaha, Lincoln, York, Crete, Norfolk
6 Lancer Label Inc.	\$11M + 155 emp	Omaha
7 M P S Inc.	\$54.9M + 320 emp	Hall, Lancaster, Douglas, and Sarpy counties
8 Marianna Imports Inc.	\$3M + 30 emp	Greater Omaha Metropolitan Area
9 Northwestern Bell	\$60M + 150 emp	Omaha area
10 Werner Enterprises Inc.	\$11M + 190 emp	Douglas and Sarpy Counties
11 West Telemarketing Corp.	\$15M + 1,000 emp	Greater Omaha Metropolitan Area

Agreements Signed in 1988 That are Still in Effect

Company Name	Project Size	Project Location
1 Affiliated Foods Coop. Inc.	\$6.7M + 67 emp	Norfolk
2 Alpo Petfoods Inc.	\$20M + 100 emp	Crete, Lincoln
3 Automated Monitoring & Control Inc.	\$14.4M + 332 emp	Greater Omaha Metropolitan Area
4 Becton Dickinson	\$38M + 109 emp	Columbus, Broken Bow, and Holdrege
5 Cook Family Foods of NE	\$11M + 190 emp	Lincoln
6 Dana Corporation	\$5.3M + 70 emp	Hastings
7 Dutton-Lainson Co.	\$4M + 51 emp	Hastings
8 Farmers & Merchants	\$4M + 82 emp	Lincoln, Omaha, Milford, Wahoo, Columbus, Syracuse, Auburn, Beatrice, Pawnee City, Oxford, Taylor, Kearney, Rising City, and other locations
9 Grand Island Accessories Inc.	\$3M + 30 emp	Grand Island
10 Great Plains Packaging Group	\$4.6M + 35 emp	Hastings and Lincoln
11 Guarantee Mutual Life Co.	\$10M + 114 emp	Greater Metropolitan Omaha Area
12 HW Mangelsens Inc.	\$3.5M + 33 emp	Greater Omaha Metropolitan Area
13 Harris Technology Group Inc.	\$18M + 395 emp	Lancaster County
14 Iams Company	\$17.2M + 39 emp	Hamilton County
15 International Galleries, Ltd.	\$10M + 525 emp	Lancaster, Sarpy, Douglas Counties
16 Land and Sky Inc	\$3M + 40 emp	Lincoln, Lancaster County, and other locations in the Southeast
17 Metz Baking Co.	\$17M + 100 emp	Hastings, Omaha, South Sioux City, Beatrice, and Bellevue
18 Milton G Waldbaum Company	\$17M + 106 emp	Wakefield
19 Modern Equipment Co. Inc.	\$3.5M + 110 emp	Douglas County
20 Sitel Corporation	\$4.95M + 100 emp	Greater Omaha Metropolitan Area
21 Streck Laboratories Inc.	\$3.7M + 61 emp	Greater Omaha Metropolitan Area
22 TV Transmission Inc.	\$30M + 40 emp	Lincoln, Lancaster County, Crete, Auburn, Nebraska City, Tecumseh, Table Rock, Pawnee City, Humboldt, Omaha, Fairbury, Superior, York, David City, Seward, Fremont, Dodge County, Inglewood, Douglas County, and other locations
23 TransTerra Company	\$4.4M + 48 emp	Metro Omaha
24 Universal Assurors	\$5.4M + 79 emp	Greater Omaha Metropolitan Area
25 Walker Manufacturing Co.	\$4M + 45 emp	Seward
26 Wilkinson Manufacturing Co.	\$4.4M + 35 emp	Ft. Calhoun

Agreements Signed in 1989 That are Still in Effect

Company Name	Project Size	Project Location
1 Abbott Bank	\$3.5M + 30 emp	Alliance, Merriman, Chadron, Gordon, Mullen, Thedford, Valentine, Cody, Bridgeport, Hemingford, and Hyannis
2 Appleton Electric Company	\$3M + 30 emp	Columbus
3 Coleman Powermate Inc.	\$3M + 206 emp	Hastings and Kearney
4 ConAgra Inc.	\$12.7M + 30 emp	South Sioux City
5 IBP Inc.	\$77.5M + 1200 emp	Lexington
6 Idelman Telemarketing Inc.	\$3.7M + 310 emp	Greater Omaha Metropolitan Area
7 Omni Holding Company	\$3.8M + 34 emp	Omaha, Douglas and Sarpy Counties
8 Principal Financial Group	\$6.2M + 100 emp	Grand Island
9 Sun Husker Foods Inc.	\$10M + 100 emp	Lincoln
10 Tri-Con Industries Inc.	\$9.7M + 85 emp	Lincoln
11 Utell International	\$10M + 100 emp	Omaha
12 Waste Technical Services	\$35.8M + 40 emp	Kimball
13 Yasufuku USA Inc.	\$3.5M + 36 emp	Lincoln

Agreements Signed in 1990 That are Still in Effect

Company Name	Project Size	Project Location
1 900 Services, Inc.	\$10M + 100 emp	Greater Omaha Metropolitan Area
2 Accent Service Company Inc.	\$3.2M + 30 emp	Omaha, Lincoln, Fremont and Norfolk
3 American MicroTrace	\$3M + 30 emp	Fairbury
4 American Meter Company	\$3M + 30 emp	Nebraska City
5 Brass Buckle Inc.	\$3M + 37 emp	Kearney
6 Brunswick Corporation	\$3M + 30 emp	Lancaster County
7 Call Interactive	\$10M + 100 emp	Greater Omaha Metropolitan Area
8 ConAgra Inc.	\$10M + 100 emp	Hastings
9 Data Transmission Network	\$3M + 31 emp	Douglas County
10 Deeter Foundry Inc.	\$3.4M + 32 emp	Lincoln
11 Eagle Plastics Inc.	\$3M + 30 emp	Hastings
12 Excel Corp.	\$11.3M + 100 emp	Schuyler
13 Exmark Manufacturing Co. Inc.	\$3.1M + 46 emp	Beatrice
14 Farmland Foods Inc.	\$13.7M + 110 emp	Crete
15 Fremont Beef Company	\$10M + 100 emp	Fremont
16 Goodyear Tire & Rubber	\$3M + 30 emp	Norfolk
17 Great West Casualty Co.	\$4.9M + 59 emp	South Sioux City
18 Hyatt Hotels Corporation	\$10M + 100 emp	Omaha
19 Industrial Machine Spec. Inc.	\$3M + 30 emp	Lincoln
20 K-B Foods Inc.	\$3M + 30 emp	Douglas County
21 Kawasaki Motors Mfg. Corp.	\$14.3M + 106 emp	Lincoln
22 Lester Electric	\$3M + 30 emp	Lancaster County and adjacent counties
23 Lincoln Benefit Life	\$3M + 140 emp	Lincoln
24 Lindsay Manufacturing Co.	\$3M + 30 emp	Lindsay
25 Mid-America Computer Corp.	\$11M + 133 emp	Blair
26 Midlands Packaging Corp.	\$3M + 30 emp	Lincoln
27 Millard Refrigeration Services	\$14.7M + 210 emp	Douglas and Sarpy Counties
28 Molex Inc.	\$4.6M + 43 emp	Lincoln

Company Name	Project Size	Project Location
29 Nebraska Cellular Telephone	\$10M + 31 emp	Grand Island, Hastings, Kearney, York, North Platte, Lexington, Brady, Paxton, Ogallala, Seward, Norfolk, Columbus, Fremont, Sidney, Scottsbluff, Beatrice, Ashland, O'Neill, Ord, and other locations
30 Nebraska Book Company	\$3M + 30 emp	Lincoln
31 Norfolk Iron & Metal Co.	\$3.7M + 35 emp	Norfolk and Scottsbluff
32 Precision Bearing Co.	\$10M + 110 emp	Omaha, Lincoln, Grand Island, Lexington, Norfolk, Columbus, and other locations
33 Rotella's Italian Bakery Inc.	\$5.5M + 30 emp	Greater Omaha Metropolitan Area
34 T-L Irrigation Co.	\$3M + 30 emp	Hastings
35 Telenational Communications	\$3.3M + 223 emp	Omaha and other locations
36 William H. Harvey Company	\$3M + 35 emp	Greater Omaha Metropolitan Area
37 Wilson Concrete Co.	\$3M + 30 emp	La Platte
38 Wright Printing Company	\$4.4M + 60 emp	Omaha

Agreements Signed in 1991 That are Still in Effect

Company Name	Project Size	Project Location
1 Bemis Company, Inc.	\$5.6M + 49 emp	Omaha
2 Chief Industries Inc.	\$10M + 100 emp	Hastings
3 Drake Williams Steel Inc.	\$3.7M + 30 emp	Omaha
4 Firstier Financial Services	\$7.5M + 30 emp	Lincoln, Omaha, Scottsbluff, and Norfolk
5 Linweld Inc.	\$3M + 30 emp	Lincoln, Hastings, Holdrege, Columbus, Omaha, Kearney, Waverly, Norfolk, Grand Island, Scottsbluff
6 Mallory USA Inc.	\$3M + 30 emp	South Sioux City
7 Minnesota Corn Processors	\$80M + 125 emp	Columbus
8 Monroe Auto Equipment	\$3M + 30 emp	Cozad
9 Shade Pasta Inc.	\$12M + 100 emp	Fremont
10 Union Pacific Railroad	\$3M + 30 emp	Various Locations
11 Western Sugar Company	\$35.7M + 30 emp	Scottsbluff

Agreements Signed in 1992 That are Still in Effect

Company Name	Project Size	Project Location
1 Bio Nebraska Inc	\$10M + 100 emp	Lincoln
2 California Energy Co. Inc.	\$3M + 30 emp	Omaha
3 Campbell Soup Company	\$10M + 100 emp	Omaha
4 Centurion International Inc.	\$3M + 30 emp	Lincoln
5 Design Plastics Inc.	\$3.15M + 30 emp	Omaha
6 Paraclipse Inc.	\$3M + 30 emp	Columbus
7 PrestoLite Wire Corporation	\$10M + 100 emp	Sidney
8 Store Kraft Manufacturing Co.	\$3.25M + 42 emp	Beatrice
9 Tekton Inc. & Subsidiaries	\$3M + 30 emp	Pender, Wayne and Omaha

Agreements Signed in 1993 That are Still in Effect

Company Name	Project Size	Project Location
1 Ag Processing Inc.	\$5M + 95 emp	Omaha
2 American Shizuki Corp.	\$3.8M + 55 emp	Ogallala
3 Cargill Inc.	\$150M + 100 emp	Washington County
4 ConAgra Inc.	\$10.2M + 100 emp	Omaha
5 Flexcon Company, Inc.	\$22M + 200 emp	Columbus
6 Henningsen Foods Inc.	\$4.5m + 30 emp	David City and other locations
7 Lincoln Plating Company	\$3.2M + 32 emp	Lincoln
8 FOFTI L.C.	\$10M + 100 emp	Greater Omaha
9 Tenaska Inc.	\$3.1M + 40 emp	Omaha
10 Transcrypt International, Ltd.	\$10M + 100 emp	Lincoln
11 Travel & Transport Inc.	\$3.9M + 170 emp	Omaha and other locations

Agreements Signed in 1994 That are Still in Effect

Company Name	Project Size	Project Location
1 Auburn Consolidated Industries	\$3M + 35 emp	Auburn
2 Beef Products Inc.	\$15-30M + 100 emp	Dakota City and future locations
3 Excel Corporation	\$13M + 150 emp	Nebraska City
4 First Data Corporation	\$10M + 100 emp	Omaha
5 First National of Nebraska	\$10M + 100 emp	Omaha
6 Fleming Companies Inc.	\$3.4M + 35 emp	Lincoln
7 Information Technology Inc.	\$3M + 30 emp	Lincoln
8 Lanter Company	\$4M + 34 emp	Omaha
9 Mutual of Omaha	\$20M	Omaha
10 Nebraska Beef Ltd.	\$10M + 100 emp	Omaha
11 Nebraska Furniture Mart	\$3M + 30 emp	Omaha
12 Nucor Corporation	\$20M	Norfolk
13 Sherwood Medical Company	\$3M + 30 emp	Norfolk

Agreements Signed in 1995 That are Still in Effect

Company Name	Project Size	Project Location
1 AGP Corn Processing	\$40M + 100 emp	Central Nebraska
2 American Business Information	\$10M + 190 emp	Omaha
3 American Laboratories, Inc.	\$3M + 30 emp	Omaha
4 American Tool Co. Inc.	\$10M + 100 emp	DeWitt and Lincoln areas
5 Behlen Mfg. Co.	\$6M + 165 emp	Columbus and Omaha
6 Blue Cross & Blue Shield	\$10M + 100 emp	Omaha, Lincoln and other locations
7 Cabela's Inc.	\$10M + 100 emp	Sidney and Kearney
8 ConAgra Inc.	\$10M + 100 emp	Omaha
9 Food Services of America	\$3M + 30 emp	Omaha
10 Hudson Foods Inc.	\$16M + 100 emp	Columbus
11 MFS Communications Company, Inc.	\$10M + 100 emp	Omaha
12 Metromail Corporation	\$10M + 100 emp	Lancaster and Seward Counties
13 Nebraska Energy LLC	\$35M + 30 emp	Aurora
14 Oilgear Company	\$3M + 30 emp	Fremont
15 Prairie Systems	\$10M + 100 emp	Omaha
16 Werner Enterprises	\$10M + 100 emp	Douglas and Sarpy Counties

Agreements Signed in 1996 That are Still in Effect

Company Name	Project Size	Project Location
1 Acceptance Insurance	\$10M + 100 emp	Omaha
2 Archer Daniels Midland Company	\$20M	Lincoln
3 Burlington Northern	\$3M + 30 emp	Statewide
4 C.J. Foods	\$3M + 30 emp	Pawnee City
5 Cable Services Group, Inc.	\$14M + 105 emp	Omaha
6 Computer Cable Connection	\$3.55M + 60 emp	Bellevue
7 Consolidated Business Systems, Inc.	\$3.5M + 40 emp	Omaha
8 DAYCO Products, Inc.	\$13.6M + 71 emp	Alliance and McCook
9 Farmers & Merchants Investments Inc.	\$4.85M + 72 emp	Statewide
10 Gallup Organization	\$9M + 155 emp	Lincoln
11 Garner Industries	\$3M + 30 emp	Lincoln
12 Goodyear Tire & Rubber Company	\$20M	Lincoln
13 Greater Omaha Packing Co.	\$10M + 100 emp	Omaha
14 IBP Inc.	\$10M + 100 emp	Madison
15 Iams Company	\$20.5M + 30 emp	Aurora
16 Inacom Corp.	\$10M + 100 emp	Greater Omaha Metropolitan Area
17 Lincoln Telecommunications	\$20M	Eastern Nebraska
18 Lincoln Telecommunications	\$3M + 30 emp	Eastern Nebraska
19 Morris Press & Office Supplies, Inc.	\$3M + 30 emp	Lexington and Kearney
20 Omaha Steaks International	\$10M + 100 emp	Metropolitan Omaha Area
21 Oriental Trading Co. Inc.	\$16M + 600 emp	Omaha
22 Parker Hannifin Corp.	\$5M + 40 emp	Lincoln
23 Pennington Seed, Inc. of Nebraska	\$10M + 100 emp	Sidney
24 Peter Kiewit Sons Inc.	\$10M + 100 emp	Omaha
25 Physicians Mutual Insurance	\$14M + 150 emp	Omaha
26 Pioneer Hi-Bred Int. Inc.	\$3M + 30 emp	York
27 Senior Technologies Inc.	\$3M + 30 emp	Lincoln
28 Square D Company	\$20M	Lincoln
29 Tender Heart Treasures Ltd.	\$10M + 100 emp	Omaha
30 Union Pacific Railroad Co.	\$3M + 30 emp	Statewide
31 Union Pacific Railroad Co.	\$3M + 30 emp	Greater Omaha Area
32 Vickers Incorporated	\$20M	Omaha
33 West Telemarketing Corp.	\$10M + 100 emp	Omaha

Agreements Signed in 1997 That are Still in Effect

Company Name	Project Size	Project Location
1 ACI Telecentrics, Inc.	\$3M + 30 emp	Chadron, Ogallala and other locations
2 Affiliated Food Stores	\$8.4M + 100 emp	Norfolk
3 Airlite Plastics Company	\$10M + 30 emp	Greater Omaha Metropolitan Area
4 Arnie's Bagelicious Bagels	\$3M + 30 emp	Nebraska City
5 Call Interactive	\$10M + 100 emp	Greater Omaha Metropolitan Area
6 Central States of Omaha Companies	\$10M + 140 emp	Omaha
7 Cincinnati Bell	\$10.5M + 110 emp	Omaha
8 Cox Communications Omaha, Inc.	\$3M + 30 emp	Omaha
9 Distefano Tool & Die Company, Inc.	\$3.2M + 35 emp	Omaha
10 Duncan Aviation	\$3M + 30 emp	Lincoln
11 First Commerce Bancshares	\$12M + 115 emp	Lincoln, Grand Island, Columbus, Kearney, North Platte, and other locations
12 Frito Lay Inc.	\$25M + 30 emp	Central Nebraska
13 Geo A Hormel & Co.	\$20M + 100 emp	Fremont
14 High Plains Corporation	\$55.1M + 105 emp	York County
15 IBP, Inc.	\$10M + 100 emp	Dakota City West Point
16 IBP, Inc.	\$10M + 100 emp	Gibbon
17 Kellogg Company	\$84M	Omaha
18 Lozier Corporation	\$17M + 110 emp	Omaha
19 Midwest Web Inc.	\$4.7M + 30 emp	Lincoln
20 Minnesota Mining & Mfg.	\$3M + 30 emp	Valley
21 Nedelco Inc. & Subsidiaries	4.85M + 147 emp	Aurora
22 Orion Systems, LTD	\$10M + 135 emp	Omaha
23 Premier Industries Inc.	\$3M + 30 emp	Mead
24 Quality Pork International, Inc.	\$10M + 100 emp	Omaha
25 Reliance Electric	\$3M + 30 emp	Columbus
26 Sandoz Pharmaceutical Corp.	\$10M + 100 emp	Lincoln
27 Security Mutual Life Insurance Co.	\$4.5M + 30 emp	Lincoln
28 Sprint Spectrum L.P.	\$35M + 150 emp	Statewide Service Area
29 Streck Laboratories	\$10M + 100 emp	Omaha
30 U.S. West Inc.	\$20M	Statewide Service Area
31 U.S. West Inc.	\$3M + 30 emp	Omaha Area
32 Valmont Industries Inc.	\$10M + 100 emp	Valley, McCook, West Point, Omaha
33 Walker Manufacturing Co.	\$3M + 30 emp	Seward

Agreements Signed in 1998 That are Still in Effect

Company Name	Project Size	Project Location
1 Arnold Engineering Company	\$3.9M + 35 emp	Norfolk
2 Baldwin Filters, Inc.	\$10M + 100 emp	Kearney and Gothenburg
3 Ballantyne of Omaha, Inc. & Subs.	\$3M + 30 emp	Omaha
4 Caterpillar Claas America LLC	\$60 M + 502 emp	Omaha
5 Empire Fire & Marine Insurance Co	\$10M + 100 emp	Omaha and other locations
6 HDR, Inc.	\$15.3M + 110 emp	Omaha
7 Isco, Inc.	\$10M + 110 emp	Lincoln
8 Kroy Building Products, Inc.	\$3M + 30 emp	York
9 LI-COR, Inc.	\$3M + 30 emp	Lincoln
10 Nebco, Inc.	\$3M + 30 emp	Dodge, Lancaster, Douglas, Sarpy, Cass, Otoe, Buffalo, Hall, Saunders and other NE counties
11 Pegler-Sysco	\$12M + 203 emp	Omaha, Lincoln, Grand Island and other locations
12 Platte Valley Financial Services	\$3.7M + 50 emp	Scottsbluff
13 Porter Chadburn, Inc.	\$10.5M + 110 emp	Omaha
14 Premoule America Inc.	\$10M + 100 emp	Omaha
15 Reinke Manufacturing Company, Inc.	\$10.7M + 30 emp	Deshler
16 Rosen's Diversified, Inc.	\$10.5M + 105 emp	Omaha
17 Sitel Corporation	\$10M + 150 emp	Omaha
18 William H. Harvey Co.	\$3M + 30 emp	Omaha

Agreements Signed in 1999 That are Still in Effect

Company Name	Project Size	Project Location
1 American Meat Protein Corporation	\$3M + 30 emp	Fremont, Schuyler, Madison, and Grand Island
2 Ameritas Bankers Life Ins. Co.	\$10M + 100 emp	Lincoln
3 D&D Salads, Inc.	\$4.55M + 30 emp	Omaha
4 Data Transmission Network	\$3M + 30 emp	Douglas County
5 Eaton Corporation	\$17.5M + 68 emp	Hastings
6 Financial Dynamics, Inc.	\$7M + 100 emp	Omaha
7 First Federal Lincoln Bank	\$4.77M + 39 emp	Statewide
8 Harris Laboratories, Inc.	\$15.12M + 140 emp	Lincoln, Omaha
9 Lucent Technologies	\$191M + 110 emp	Omaha
10 Lyman-Richey Corporation	\$3M + 30 emp	Omaha and other Nebraska locations
11 Midland Systems, Inc.	\$3M + 30 emp	Omaha
12 Nebraska Aluminum Castings	\$3M + 30 emp	Hastings
13 Nonpareil - RDO, L.L.C.	\$15.8M + 100 emp	O'Neill
14 Omaha Printing Company	\$5M + 50 emp	Omaha
15 Omaha World-Herald	\$9M + 30 emp	Omaha
16 Producers America, Inc.	\$3M + 30 emp	Omaha and other locations
17 Rotella's Italian Bakery	\$3M + 30 emp	Omaha
18 Silverstone Group, Inc. & Subs	\$3M + 30 emp	Omaha
19 Strategic Marketing Innovations	\$10M + 175 emp	Omaha & other locations
20 West Interactive Corp.	\$22M + 144 emp	Omaha
21 Wilkinson Manufacturing Co.	\$10M + 100 emp	Fort Calhoun
22 Wis-Pak of Norfolk, Inc.	\$3M + 30 emp	Norfolk

Agreements Signed in 2000 That are Still in Effect

Company Name	Project Size	Project Location
1 C S Precision Manufacturing, Inc.	\$7M + 30-35 emp	Scottsbluff
2 CXT Incorporated	\$3.5M + 30 emp	Grand Island
3 Excel Corp.	\$16.5M + 100 emp	Schuyler
4 First York Ban Corp.	\$3M + 30 emp	Statewide
5 Grand Island Accessories	\$3.5M + 37 emp	Grand Island
6 Great Dane Trailers	\$3M + 184 emp	Wayne
7 Hughes Brothers, Inc.	\$5.25M + 30 emp	Seward
8 Lee Enterprises	\$35M + 50 emp	Lincoln
9 Lindsay Manufacturing Co.	\$24M + 30 emp	Lindsay
10 Longview Fibre Company	\$7M + 30 emp	Seward
11 Midwest Padding L.L.C.	\$3.3M + 32 emp	Norfolk
12 National Crane Corporation	\$9.4M + 60 emp	Waverly
13 OpticTrek.com, Inc.	\$110-144M + 1,445 emp	Omaha
14 Triangle Pacific Corp.	\$10.3M + 100 emp	Auburn

Agreements Signed in 2001 That are Still in Effect

Company Name	Project Size	Project Location
1 Becton Dickinson and Co.	\$145M + 287 emp	Columbus, Holdrege, Broken Bow
2 Cargill Dow LLC	\$220M + 100 emp	Blair
3 Carlson Systems Corporation	\$10.1M + 100 emp	Omaha
4 Caterpillar Logistics Services, Inc	\$8.7M + 50 emp	Bellevue
5 Dutton-Lainson Company	\$11.4M + 41 emp	Hastings, Kearney
6 HDM Corporation	\$3.4M + 269 emp	Omaha
7 Hastings Irrigation Pipe Co.	\$3M + 30 emp	Hastings
8 International Transportation Specialists	\$3.1M + 40 emp	Omaha
9 James Skinner Co.	\$10.6M + 110 emp	Omaha
10 Kawasaki Motors Mfg Corp.	\$50M + 80 emp	Lincoln
11 Lakeway International Food Group	\$3.2M + 60 emp	Omaha
12 Lincoln Machine Inc.	\$3M + 30 emp	Lincoln
13 Lincoln Plating Company	\$12.4M + 112 emp	Lincoln
14 MBA Poultry, LLC	\$15M + 922 emp	Tecumseh
15 Metal-Tech Partners	\$3.25M + 83 emp	Bruning and Geneva
16 Midlands Packaging Corp.	\$3M + 30 emp	Lincoln
17 Neapco, Inc.	\$5.85M + 30 emp	Beatrice
18 Pinnacle Data Services LLC	\$3M + 30 emp	Gretna
19 Profitstar, Inc.	\$10M + 100 emp	Omaha
20 Richman Gordman 1/2 Price Stores	\$10M + 100 emp	Omaha
21 Schering-Plough Animal Health	\$15M + 117 emp	Elkhorn and Omaha
22 Talent+	\$10 M + 100 emp	Lincoln
23 US Foods, LLC	\$15M + 120 emp	Lincoln

Agreements Signed in 2002 That are Still in Effect

Company Name	Project Size	Project Location
1 American Meter Company	\$16.5M + 50 emp	Nebraska City
2 Ameritrade Holding Corporation	\$19.2M + 110 emp	Omaha
3 Cintas Corporation No. 2	\$5.6M + 120 emp	Omaha
4 ConAgra Beef Company	\$21M + 100 emp	Grand Island
5 Eagle Capital Group Inc.	\$3.6M + 30 emp	Hastings
6 Farmland Foods, Inc	\$11.7M + 100 emp	Crete
7 First National of Nebraska, Inc.	\$258.6M + 100 emp	Omaha, David City, Columbus, Norfolk, Alliance, Chadron, Gering, Scottsbluff, North Platte, Fremont, Kearney
8 Coca-Cola Enterprises	\$4.6M + 42 emp	Lincoln
9 Leprino Foods Company	\$7.8M + 30 emp	Ravenna
10 Lester Electrical of Nebraska, Inc.	\$3M + 30 emp	Lincoln
11 M.G. Waldbaum Company	\$18.9M + 109 emp	Wakefield, Bloomfield
12 Molex Incorporated	\$19M + 120 emp	Lincoln
13 Mutual of Omaha Insurance Company	\$166M	Omaha
14 Nash Finch Company	\$4.5M + 30 emp	Omaha
15 Natura Manufacturing Inc.	\$23.39M + 100 emp	Fremont
16 Professional Veterinary Products, LTD	\$10M + 100 emp	Omaha
17 Quality Refrigerated Services, Inc	\$3M + 30 emp	Omaha
18 Radio Engineering Industries, Inc.	\$4M + 50 emp	Omaha
19 Wal-Mart Stores, Inc.	\$40M + 600 emp	North Platte
20 Wright Printing Co.	\$5.09M + 33 emp	Omaha

Summary of LB 775 Benefits Approved Through 12/31/2003

Table 2 summarizes the credits earned, credits used, credits expired, and the direct sales/use tax refunds approved for qualified companies through December 31, 2003. Also included are the sales and use tax refunds pending at year end. Credits are expired after the project has reached the end of the carryover period and has received all expected benefits.

Detail by type of agreement is provided in Table 3. Detail by industry group is provided in Tables 4 through 8 and 10 through 14. Table 9 breaks down sales tax refunds between city and state tax. Tables 15 through 30 regroup the companies by year of qualification.

Summary of LB 775 Benefits Approved

Table 2

The Department of Revenue has conducted field reviews of companies which filed reports with the department indicating they had met the minimum new jobs and investment levels to qualify for incentives. Table 1 shows the number of qualifying companies verified by field review. Based on these examinations, the department has approved:

	1988-1999*	2000	2001	2002	2003	Total
Investment Credits	\$ 923,738,432	\$178,292,926	\$ 98,246,972	\$ 94,627,118	\$ 80,379,099	\$1,375,284,547
New Jobs Credits	366,248,404	48,196,698	38,695,285	27,259,507	21,803,114	502,203,008
Total Credits Earned	\$1,289,986,836	\$226,489,624	\$136,942,257	\$121,886,625	\$102,182,213	\$1,877,487,555
Credits Used						
Income Tax**	\$351,834,665	\$ 59,763,186	\$ 50,831,192	\$28,608,407	\$40,352,137	\$ 531,389,587
Sales/Use Tax Refunds	289,792,310	54,053,889	51,807,771	43,044,802	54,788,893	493,487,665
Total Credits Used	\$641,626,975	\$113,817,075	\$102,638,963	\$71,653,209	\$95,141,030	\$1,024,877,252
Recapture***						
Repaid From Credits	\$6,753,470	\$2,903,776	\$9,204,994	\$2,660,004	\$2,858,091	\$24,380,335
Credits Expired	0	0	0	8,603,682	6,274,151	14,877,833
Qualified Investment	\$11,994,739,097	\$1,990,783,299	\$1,118,849,811	\$1,230,538,458	\$898,434,088	\$17,233,344,753
Direct Sales/Use Tax Refunds on Investment	\$373,303,341	\$38,323,129	\$54,352,225	\$31,200,400	\$36,860,024	\$534,039,119
New Jobs of Qualifying Companies	64,984	3,839	2,637	860	262	72,582
Sales/Use Tax Refunds Pending Approval at Year End	N/A	\$44,592,560	\$29,160,604	\$45,248,206	\$35,675,492	N/A

*For details by year see Annual Reports for previous years

	1988-1999*	2000	2001	2002	2003	Total
**Corporate	\$283,970,225	\$51,252,635	\$42,097,520	\$22,437,550	\$33,543,986	\$433,301,916
Individual	67,864,440	8,510,551	8,733,672	6,170,857	6,808,151	98,087,671
Total	\$351,834,665	\$59,763,186	\$50,831,192	\$28,608,407	\$40,352,137	\$531,389,587

*** If a company fails to maintain either the minimum employment or investment required by its agreement, one seventh of the refunds and one-seventh of the credits used are recaptured and one-seventh of the credit carryover at the end of the entitlement period is recaptured for each year the company is below the required levels. Through December 31, 2003, fifty-five projects were in recapture. \$12,812,417 in repayment due has been netted from approved refund claims, and \$11,567,917, plus interest, has been repaid in cash. Credit carryover for companies that have reached the end of the entitlement period has been reduced by \$16,364,582.

Description of Application Options

\$20M investment and no employees. Benefits include:

- Election to use “sales only” factor to apportion state taxable income, and
- Direct refund of all sales and use tax paid on purchases of qualified property at the project.

\$3M investment and 30 employees. In addition to the benefits listed above, a \$3M + 30 applicant is eligible for:

- Five percent tax credit on the amount the total compensation paid to employees who are either Nebraska employees or base-year employees exceeds the compensation attributed to base-year employees, and
- Ten percent tax credit on total investment in qualified property.

\$10M investment and 100 employees. In addition to the benefits listed above, a \$10M + 100 applicant is eligible for property tax exemption on:

- Turbine-powered aircraft or jets,
- Mainframe business computers and peripheral components used at the project, and
- Equipment used directly in processing agricultural products.

Please note that a company applying under the \$10M + 100 employee option has a two-part agreement, one at the \$3M + 30 employee level and one at the \$10M + 100 employee level. The companies listed as having applied under the \$10M + 100 employee level may only have qualified under the \$3M + 30 employee portion of their agreement. The only additional benefits available under the \$10M + 100 employee portion of an agreement are the property tax benefits.

Table 3 shows the total benefits approved for each type of agreement, as described above, through 2003.

Table 3

**Analysis of Benefits Approved by Type of Agreement
(Cumulative Through 2003)**

	\$20 Million 0 Employees	\$3 Million 30 Employees	\$10 Million 100 Employees	Total
Number of Companies	20	180	143	343
Investment Credits	N/A	\$558,949,476	\$ 816,335,071	\$1,375,284,547
New Jobs Credits	N/A	195,515,143	306,687,865	502,203,008
Total Credits Earned	N/A	<u>\$754,464,619</u>	<u>\$1,123,022,936</u>	<u>\$1,877,487,555</u>
Credits Used				
Income Tax	N/A	\$205,891,309	\$325,498,278	\$ 531,389,587
Sales/Use Tax Refunds	N/A	159,576,937	333,910,726	493,487,663
Total Credits Used	N/A	<u>\$365,468,246</u>	<u>\$659,409,004</u>	<u>\$1,024,877,250</u>
Credits Expired	N/A	\$1,556,884	\$13,320,949	\$14,877,833
Direct Sales/Use Tax Refunds on Investment	\$119,303,314	\$150,335,813	\$264,399,990	\$534,039,117
Qualified Investment	\$3,396,275,112	\$5,640,907,390	\$8,196,162,251	\$17,233,344,753
New Jobs of Qualifying Companies	N/A	28,288	44,294	72,582
Sales/Use Tax Refunds Pending Approval at Year End (12-31-03)	\$3,351,637	\$9,739,023	\$22,584,831	\$35,675,491

LB 775 Companies Whose Qualifications Have Been Approved As Of 12/31/2003

Table 4 shows the types of companies that are included in each industry group. All industry groups include a minimum of three (3) companies. The options under which companies in each industrial group have qualified are shown in the last column.

The industry groupings are based on the Principal Business Activity codes currently being used by the Internal Revenue Service.

Table 4 **Classification Into Industry Group by
Principal Business Activity (PBA) Codes
and Option Under Which Applied**

Category	PBA, Major Industry Group Titles	Option Under Which Applied
Construction, Utilities and Nonmetallic Mineral Products Manufacturing	22, 23, 327 Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	3M + 30 emp 10M + 100 emp
Manufacturing	311, 312 Meat and Food Products	3M + 30 emp 10M + 100 emp 20M
	314, 322, 323, 325, 326 Printing, Paper, Chemical, Plastics, Rubber, Textile and other non-durable products	3M + 30 emp 10M + 100 emp 20M
	321, 331, 332 Primary and Fabricated Metals and Wood Product Manufacturing	3M + 30 emp 10M + 100 emp 20M
	333, 334, 335, 336, 337, 339 Machinery, Electronic and other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	3M + 30 emp 10M + 100 emp 20M
Wholesale & Retail Trade	42 Durable and Non-Durable Goods	3M + 30 emp 10M + 100 emp
Transportation & Warehousing	48, 49 Railroads, Trucking, Air Transportation and Warehousing	3M + 30 emp 10M + 100 emp 20M
Information & Data Processing	51 Publishing, Communications, Information and Data Processing Services	3M + 30 emp 10M + 100 emp 20M
Finance, Insurance & Real Estate	52 Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	3M + 30 emp 10M + 100 emp 20M
Professional, Scientific and Technical Services	54, 56, 62, 81 Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Service	3M + 30 emp 10M + 100 emp

LB 775 INDUSTRY GROUP DETAIL

Analysis of Credits

Tables 5 and 6 show an analysis of credits earned and used in 2003 and cumulative through 2003 by industry group. Total credits earned consist of both investment and employment credits. Both types of credits go into a credit pool and can be used to offset corporate or individual income tax liability and to receive a refund of otherwise non-refundable sales or use tax paid on purchases at the project.

Credits distributed to either corporate or individual shareholders or partners totaled \$99,921,140 in 1988-1999, \$12,126,354 in 2000, \$8,235,539 in 2001, \$5,783,012 in 2002 and \$8,558,812 in 2003. Distributed credits may only be used to offset corporate or individual income tax liabilities.

Table 5 **Analysis of Credits by Industry Group**
(2003)

Industry Group	Total Credits Earned	CREDITS USED		Credits Recaptured	Credit Expired	Current Year Change to Credit Balance
		Income Tax	Sales Tax			
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 1,197,430	\$ 2,104,054	\$ 21,340			\$ (927,964)
Meat and Food Products	3,775,859	7,225,159	13,744,566	\$490,396	\$491,537	(18,175,799)
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	34,636,499	2,501,528	6,092,124		3,827,018	22,215,829
Primary and Fabricated Metals and Wood Product Manufacturing	3,101,627	158,070	585,411			2,358,146
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	7,330,138	2,653,720	5,838,263		1,149,787	(2,311,632)
Durable and Non-Durable Goods	3,160,863	1,559,530	1,701,041	217,761		(317,469)
Railroads, Trucking, Air Transportation and Warehousing	26,627,110	14,063,520	6,623,875	5,801,902	796,293	(658,480)
Publishing, Communications, Information and Data Processing Services	2,392,947	1,832,081	4,694,641	655,489		(4,789,264)
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	7,980,551	3,983,197	12,378,095			(8,380,741)
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	11,979,189	4,271,278	3,109,533		9,516	4,588,862
Total	\$102,182,213	\$40,352,137	\$54,788,889	\$7,165,548	\$6,274,151	\$(6,398,512)

LB 775 INDUSTRY GROUP DETAIL

Table 6

Analysis of Credits by Industry Group (Cumulative Through 2003)

Industry Group	Total Credits Earned	CREDITS USED		Credits Recaptured	Credit Expired	Credit Balance
		Income Tax	Sales Tax			
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 38,345,478	\$ 27,539,185	\$ 4,817,123	\$ 0	\$ 0	\$ 5,989,170
Meat and Food Products	276,440,951	78,225,032	92,444,998	1,249,836	5,443,490	99,077,595
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	263,612,493	19,651,607	59,770,452	344,804	5,787,547	178,058,083
Primary and Fabricated Metals and Wood Product Manufacturing	35,828,221	16,763,570	6,781,882	590,373	0	11,692,396
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	210,304,206	48,379,121	87,906,831	430,886	1,478,874	72,108,494
Durable and Non-Durable Goods	80,783,198	30,828,842	16,456,379	3,255,830	0	30,242,147
Railroads, Trucking, Air Transportation and Warehousing	301,021,105	75,738,497	44,151,920	5,801,902	796,293	174,532,493
Publishing, Communications, Information and Data Processing Services	203,822,866	81,295,287	27,687,056	3,975,648	0	90,864,875
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	316,505,844	96,327,286	121,641,461	715,303	0	97,821,794
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	150,823,193	56,641,160	31,829,559	0	1,371,629	60,980,845
Total	\$1,877,487,555	\$531,389,587	\$493,487,661	\$16,364,582	\$14,877,833	\$821,367,892

LB 775 INDUSTRY GROUP DETAIL

Sales and Use Tax Refunds

There are two types of sales and use tax refunds available under LB775, direct refunds and refunds using credits.

The direct refund is available on qualified property (see Table 10 narrative for the definition of qualified property) and on aircraft. The total direct refunds through December 31, 2003 were \$534,039,119. Refunds were \$520,112,373 on qualified property and \$13,926,746 on aircraft.

Credits earned on investment and employment increases may be used to obtain a refund of otherwise nonrefundable sales and use tax paid on purchases at the project.

Tables 7 and 8 show a summary of sales and use tax refunds by industry group in 2003 and cumulative through 2003. The last column of Table 7 shows the sales and use tax refunds pending approval on December 31, 2003.

Table 9 shows the breakdown of state and city taxes paid for the total refunds net of recapture.

Table 7 Analysis of Sales/Use Tax Refunds by Industry Group (2003)

Industry Group	APPROVED REFUNDS			Refunds Pending as of 12/31/2003
	Direct Refunds	Refunds Using Credits	Total	
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 410,566	\$ 21,340	\$ 431,906	\$ 395,136
Meat and Food Products	1,989,848	13,744,567	15,734,415	4,496,915
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	10,838,081	6,092,125	16,930,206	4,805,901
Primary and Fabricated Metals and Wood Product Manufacturing	866,978	585,411	1,452,389	1,294,891
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	1,985,042	5,838,263	7,823,305	6,364,096
Durable and Non-Durable Goods	813,860	1,701,041	2,514,901	892,046
Railroads, Trucking, Air Transportation and Warehousing	6,182,615	6,623,875	12,806,490	841,392
Publishing, Communications, Information and Data Processing Services	6,118,387	4,694,641	10,813,028	5,241,317
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	4,857,416	12,378,096	17,235,512	9,545,058
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	2,797,231	3,109,533	5,906,764	1,798,740
Total	\$36,860,024	\$54,788,892	91,648,916	35,675,492

Table 8

LB 775 INDUSTRY GROUP DETAIL

Analysis of Sales/Use Tax Refunds by Industry Group (Cumulative through 2003)

Industry Group	APPROVED REFUNDS		
	Direct Refunds	Refunds Using Credits	Total Refunds
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 8,646,485	\$ 4,817,123	\$ 13,463,608
Meat and Food Products	62,645,301	92,444,999	155,090,300
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	65,465,860	59,770,453	125,236,313
Primary and Fabricated Metals and Wood Product Manufacturing	15,901,569	6,781,882	22,683,451
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	53,000,384	87,906,831	140,907,215
Durable and Non-Durable Goods	17,581,952	16,456,379	34,038,331
Railroads, Trucking, Air Transportation and Warehousing	64,881,180	44,151,920	109,033,100
Publishing, Communications, Information and Data Processing Services	112,950,730	27,687,056	140,637,786
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	109,307,334	121,641,462	230,948,796
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	23,658,324	31,829,559	55,487,883
Total	\$534,039,119	\$493,487,664	\$1,027,526,783

Table 9

Analysis of Sales/Use Tax Refunds

	APPROVED REFUNDS NET OF RECAPTURE						Refunds Pending as of 12/31/2003
	1988-1999*	2000	2001	2002	2003	Total	
Number of Claims	6,063	987	903	829	811	8,782	270
State Tax	\$554,013,078	\$74,872,536	\$86,095,486	\$60,482,089	\$78,017,775	\$853,480,964	\$30,737,329
City Tax	104,151,763	15,061,578	18,187,979	11,430,399	12,401,681	161,233,400	4,937,163
Total	\$658,164,841	\$89,934,114	\$104,283,465	\$71,912,488	\$90,419,456	\$1,014,714,364	\$35,674,492

LB 775 INDUSTRY GROUP DETAIL

Table 10 details the investment in qualified property by industry group. Qualified property is any tangible property of a type subject to depreciation, amortization, or other recovery under the Internal Revenue Code of 1986, or the components of such property, that will be used at the project. Qualified property does not include (a) aircraft, barges, motor vehicles, railroad rolling stock, or watercraft or (b) property that is rented by the taxpayer qualifying under the Employment and Investment Growth Act to another person.

Table 10 **Investment in Qualified Property
by Industry Group**

Industry Group	1988-1999*	2000	2001	2002	2003	Total
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 176,219,895	\$ (556,220)	\$ 24,637,880	\$ 25,755,530	\$ 10,450,370	\$ 236,507,455
Meat and Food Products	1,800,057,873	260,078,791	199,534,393	68,031,187	50,000,127	2,377,702,371
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	1,370,586,763	207,964,699	98,618,127	306,889,352	312,516,863	2,296,575,804
Primary and Fabricated Metals and Wood Product Manufacturing	406,727,785	13,366,700	33,422,141	36,136,634	66,605,162	556,258,422
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	1,307,377,862	141,891,330	68,207,289	142,321,339	26,570,489	1,686,368,309
Durable and Non-Durable Goods	349,633,654	49,656,060	25,862,860	35,803,660	19,266,340	480,222,574
Railroads, Trucking, Air Transportation and Warehousing	1,811,849,816	581,306,720	136,015,090	179,644,050	201,378,640	2,910,194,316
Publishing, Communications, Information and Data Processing Services	2,425,921,436	261,972,443	251,679,344	297,770,456	74,162,337	3,311,506,016
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	1,858,299,405	384,740,526	230,599,377	67,129,640	55,306,450	2,596,075,398
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	488,064,608	90,362,250	50,273,310	71,056,610	82,177,310	781,934,088
Total	\$11,994,739,097	\$1,990,783,299	\$1,118,849,811	\$1,230,538,458	\$898,434,088	\$17,233,344,753

* For detail by year see previous Annual Reports.

Overview of Employment by Industry Tables

Tables 11 through 14 provide information by industry group on employment for projects which have met the minimum required levels of employment and/or investment necessary to qualify for benefits. For each year of the entitlement period, the qualified \$3 million and 30 full-time equivalent employee projects report information on full-time equivalent employee growth, average salaries and total Nebraska employment. The \$20 million investment projects do not report the full-time equivalent employee growth because it is not a requirement for qualification.

The full-time equivalent employee calculation reported in Table 11 is based on the number of hours paid at the project divided by 40 times the number of weeks in the year. An employee with 60 hours worked in each week of the year would be counted as 1.5 FTE employees. This same computation is done in the current year and the tax year prior to the year of application. The increase or decrease in FTE employees is calculated by subtracting the FTE employees at the project in the tax year prior to the year of application from the number of FTE employees in the reporting tax year.

The total number of people employed at the quarter prior to date of application and at the most recent reporting period reported in Table 12 includes all employees of the taxpayer statewide on a specific date without regard to the number of hours those people have worked. In this case, the person who works 60 hours each week of the year would be reported as long as they were employed at the specific reporting date. The total number of people employed at the measuring points would also include any part-time, seasonal workers or non-project employees in Nebraska as long as they were employed in Nebraska by the taxpayer at the specific reporting date.

The numbers reported in Tables 11 and 12 are not comparable for the following reasons:

- The number of people employed for Table 12 is not measured the same as the number of full-time equivalent (FTE) employees shown in Table 11. The numbers shown in Table 12 are the number of people employed by the qualified LB 775 applicants statewide in Nebraska on a specific date, without regard to the number of hours those people worked.
- Table 11 does not include any information related to the \$20 million dollar projects while Table 12 does report change in total employment for these projects.
- Table 11 includes the full-time equivalent growth only for the project as defined while Table 12 includes total statewide employment.
- Table 11's total column reports cumulative FTE growth for all qualified projects since the enactment of LB775, including projects which are beyond the end of their entitlement period, while Table 12 only includes information for projects which are currently in their entitlement period.

LB 775 INDUSTRY GROUP DETAIL

Number of New Jobs Created

Table 11 shows the number of new full-time equivalent (FTE) employees at the projects as compared to the prior year. The amount shown in the columns for each individual year is the increase or decrease from the previous year and does not represent the total change from the base year.

The total column represents the full-time equivalent growth during the entitlement period for each project that has met the \$3 million investment and 30 full-time equivalent employees since the enactment of the Employment and Investment Growth Act, LB775.

A company is required to maintain a minimum of 30 FTE employee increase to avoid recapture. Please note:

- A company that previously showed a FTE employee increase of 80 could fall back to a 30 FTE employee increase without going into recapture. In this situation, the decrease of 50 FTE would be included in the current year column and the net increase of 30 would remain in the total column.
- If the company that previously showed a FTE employee increase of 80 ceased operations in Nebraska during the entitlement period, they would be in recapture. The decrease of 80 FTE would be included in the current year column and there would be zero FTE's represented in the total column.

This year Table 11 has four industry groups where the change in FTE reported in 2003 as compared to the previous reported year is negative. There were companies in these industry groups which reported employment growth, however the overall industry total of all companies reporting was a negative number. The companies reporting a decline in employment would not be in recapture unless the full-time equivalent employment growth for the term of the project is below 30 FTE.

Table 11 **Number of Jobs Created by Industry Group**
Full-Time Equivalent (FTE) Employees

Industry Group	1999 & Before	2000	2001	2002	2003	Total
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	1,065	(35)	157	116	0	1,303
Meat and Food Products	14,561	765	595	311	208	16,440
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	4,541	276	81	124	162	5,184
Primary and Fabricated Metals and Wood Product Manufacturing	1,244	(64)	324	(113)	10	1,401
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	9,700	(397)	288	378	(461)	9,508
Durable and Non-Durable Goods	4,093	341	(41)	(41)	(10)	4,342
Railroads, Trucking, Air Transportation and Warehousing	5,598	412	(99)	(448)	(25)	5,438
Publishing, Communications, Information and Data Processing Services	3,521	180	318	(433)	(177)	3,409
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	10,667	1,774	(32)	243	227	12,879
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	9,994	587	1,046	723	328	12,678
Total	64,984	3,839	2,637	860	262	72,582

LB 775 INDUSTRY GROUP DETAIL

Total Number of People Employed in Nebraska by Qualified LB 775 Applicants

Table 12 shows a comparison of the total number of people employed in Nebraska by the qualified LB 775 applicants at the end of the quarter prior to the date of application with the total number of people employed in Nebraska on the most recent reporting date. No information is included for projects which are beyond the end of the seven-year entitlement period and are no longer earning new benefits. The total employment numbers for the projects which have selected and attained the \$20 million investment level are included in Table 12.

Table 12 **Total Number of People Employed
by Qualified LB 775 Applicants
by Industry Group**

Industry Group	End of Quarter Prior to Date of Application	Most Recent Reporting Date	Increase (Decrease)
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	1,028	1,477	449
Meat and Food Products	11,958	15,382	3,424
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	4,266	4,782	516
Primary and Fabricated Metals and Wood Product Manufacturing	2,939	3,188	249
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	13,715	10,025	(3,690)
Durable and Non-Durable Goods	1,962	3,185	1,223
Railroads, Trucking, Air Transportation and Warehousing	7,593	11,679	4,086
Publishing, Communications, Information and Data Processing Services	4,252	5,084	832
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	7,645	8,869	1,224
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	3,502	4,648	1,146
Total	58,860	68,319	9,459

LB 775 INDUSTRY GROUP DETAIL

Average Salary of New Employees

Tables 13 and 14 show the estimated average salary of new FTE employees for 2003 and cumulative through 2003. The average salary for each industry group is the weighted average salary for that group.

The weighted average salary for a group is calculated by multiplying the number of new full-time equivalent (FTE) employees for a company by the estimated annual salary of new employees at that company. This product is then added to the product for the other companies in the group, and the total is divided by the total number of new FTE employees in the group. For example:

	(1)	(2)	(3)	(4)
Company	New FTE Employees	Average Salary	Product (1 x 2)	Weighted Average Salary (3 ÷ 1)
A	10	\$30,000	\$300,000	
B	100	10,000	1,000,000	
C	20	20,000	400,000	
Group Total	130		\$1,700,000	\$13,077

Table 13 Average Salary of New Employees by Industry Group (2003)

Industry Group	Total New FTE Employees	Estimated Average Salary of New Employees
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	0	N/A
Meat and Food Products	208	25,476
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	162	33,714
Primary and Fabricated Metals and Wood Product Manufacturing	10	32,024
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	(461)	N/A
Durable and Non-Durable Goods	(10)	N/A
Railroads, Trucking, Air Transportation and Warehousing	(25)	N/A
Publishing, Communications, Information and Data Processing Services	(177)	N/A
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	227	38,030
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	328	46,620
Total	262	\$36,271*

* \$59,630,043 / 1644 (Negative FTE and Adjustments Excluded)

LB 775 INDUSTRY GROUP DETAIL

We calculated the cumulative average for each industry by using the most recently reported average wage and cumulative FTE reported for each project. If the cumulative FTE for the project was zero or less, the project was included as zero FTE.

**Table 14 Average Salary of New Employees by Industry Group
(Cumulative through 2003)**

Industry Group	Total New FTE Employees	Estimated Average Salary of New Employees
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	1,303	34,445
Meat and Food Products	16,440	23,457
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	5,184	27,727
Primary and Fabricated Metals and Wood Product Manufacturing	1,401	24,812
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	9,508	28,387
Durable and Non-Durable Goods	4,342	28,279
Railroads, Trucking, Air Transportation and Warehousing	5,438	39,442
Publishing, Communications, Information and Data Processing Services	3,409	26,195
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	12,879	31,849
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	12,678	26,517
Total	72,582	\$28,270**

**2,051,862,220 / 72,582

Summary of Benefits by Year Qualification Verified

Tables 15-30 separate the data for the three hundred and forty-three projects that have qualified for benefits by the end of 2003 into groups based on the year the department originally verified the company had qualified for benefits. In 2003, 196 companies had previously reached the end of their entitlement period and were no longer eligible to earn credits.

When a company qualifies for benefits under LB 775, the Department of Revenue will verify its eligibility for initial credits and sales and use tax refunds as soon as the company has the necessary documentation prepared. In following years, the taxpayer files its Form 775N with its Nebraska income tax return to claim additional credits.

In some instances, a fiscal year taxpayer that qualified in one year may not have filed its income tax return for the subsequent year until after the end of the next calendar year. For example, if a taxpayer qualified at the end of its June 30, 2001 tax year, the department might have verified its qualification in 2001. However, the company's tax return, including its Form 775N, for the tax year ended June 30, 2002, might not have been filed until April 15, 2003. While the data for 2002 would show no additional credits for the company, any credits used or direct refunds of sales and use tax approved or pending would be included in the 2002 data.

For this reason only 8 of the 18 companies verified as qualifying in 2002 filed a Form 775N claiming additional credits in 2003. This pattern occurred in the prior years also.

Table 15 **Summary of Benefits by Year**
(Companies Verified as Qualifying in 1988)

	1988-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	0	0	0	0 **	
Investment Credits	\$41,798,873	0	0	0	0	\$41,798,873
New Jobs Credits	22,938,078	0	0	0	0	22,938,078
Total Credits Earned	<u>\$64,736,951</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	\$64,736,951
Credits Used						
Income Tax	\$15,123,762	\$ 330,239	\$ 515,032	\$ 0	0	\$15,969,033
Sales/Use Tax Refunds	44,694,494	1,227,615	485,780	23,968	0	46,431,857
Total Credits Used	<u>\$59,818,256</u>	<u>\$1,557,854</u>	<u>\$1,000,812</u>	<u>\$23,968</u>	<u>0</u>	\$62,400,890
Credits Expired	0	0	0	\$1,455,788	0	\$1,455,788
Qualified Investment	\$1,461,668,369	0	0	0	0	\$1,461,668,369
Direct Sales/Use Tax Refunds on Investment	\$45,079,042	\$(323,746)	0	0	0	\$44,755,296
New Jobs of Qualifying Companies	3,433	0	0	0	0	3,433
Pending Sales/Use Tax Refunds as of 12/31	N/A	55,316	0	0	0	N/A

* For detail by year see previous Annual Reports.

** All projects approved in 1988 are past the end of their entitlement period.

Table 16

**Summary of Benefits by Year
(Companies Verified as Qualifying in 1989)**

	1989-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	1	1	0	0**	
Investment Credits	\$185,929,439	\$982,666	\$669,181	\$ (69,976)	\$(1,091,026)	\$186,420,284
New Jobs Credits	76,224,208	0	0	(103,779)	0	76,120,429
Total Credits Earned	\$262,153,647	\$982,666	\$669,181	\$(173,755)	\$(1,091,026)	\$262,540,713
Credits Used						
Income Tax	\$122,271,391	\$ 8,330,475	\$ 6,019,494	\$1,358,046	\$1,122,542	\$139,101,948
Sales/Use Tax Refunds	85,808,853	5,227,985	13,178,858	4,630,080	292,632	109,138,408
Total Credits Used	\$208,080,244	\$13,558,460	\$19,198,352	\$5,988,126	\$1,415,174	\$248,240,356
Credits Expired	0	0	0	\$3,244,632	\$406,961	\$3,651,593
Qualified Investment	\$2,192,402,347	\$9,826,660	\$6,691,810	\$(699,760)	\$(10,910,260)	\$2,197,310,797
Direct Sales/Use Tax Refunds on Investment	\$74,301,460	0	0	0	\$1,490	\$74,302,950
New Jobs of Qualifying Companies	11,258	0	(453)	0	0	10,805
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$1,118,013	\$3,021,585	\$2,487,610	\$3,600,838	N/A

* For detail by year see previous Annual Reports.

** All projects approved in 1989 are past the end of their entitlement period. However, taxpayer amendments and audit adjustments to previous credits allowed or benefits received may still be reflected in current year credits earned.

Table 17

**Summary of Benefits by Year
(Companies Verified as Qualifying in 1990)**

	1990-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	0	0	1	0**	
Investment Credits	\$ 91,355,869	\$(44,832)	\$(27,979)	\$44,126	\$(1,053,337)	\$ 90,273,847
New Jobs Credits	62,470,578	(39,598)	0	0	(7,824)	62,423,156
Total Credits Earned	\$153,826,447	\$(84,430)	\$(27,979)	\$44,126	\$(1,061,161)	\$152,697,003
Credits Used						
Income Tax	\$ 54,704,894	\$1,245,002	\$ 197,956	\$1,934,463	\$ (179,464)	\$ 57,902,851
Sales/Use Tax Refunds	49,090,182	4,362,172	6,214,594	3,465,976	2,194,055	65,326,979
Total Credits Used	\$103,795,076	\$5,607,174	\$6,412,550	\$5,400,439	\$2,014,591	\$123,229,830
Credits Expired	0	0	0	\$3,903,262	\$5,607,222	\$9,510,484
Qualified Investment	\$1,064,935,100	\$(448,320)	\$(279,790)	\$441,260	\$(10,533,370)	\$1,054,114,880
Direct Sales/Use Tax Refunds on Investment	\$36,131,833	\$101,882	0	\$127,743	0	\$36,361,458
New Jobs of Qualifying Companies	9,814	0	(56)	0	0	9,758
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$4,475,610	\$1,295,766	\$661,541	\$892,979	N/A

* For detail by year see previous Annual Reports.

** All projects approved in 1990 are past the end of their entitlement period. However, taxpayer amendments and audit adjustments to previous credits allowed or benefits received may still be reflected in current year credits earned.

Table 18

Summary of Benefits by Year (Companies Verified as Qualifying in 1991)

	1991-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	1	0	0	0 **	
Investment Credits	\$43,766,930	\$(55,668)	0	\$112,332	0	\$43,823,594
New Jobs Credits	42,630,507	246	0	(6,193)	0	42,624,560
Total Credits Earned	<u>\$86,397,437</u>	<u>\$(55,422)</u>	<u>0</u>	<u>\$106,139</u>	<u>0</u>	\$86,448,154
Credits Used						
Income Tax	\$32,797,647	\$ 650,150	\$ 538,144	\$ 102,083	\$1,752,733	\$35,840,757
Sales/Use Tax Refunds	21,684,010	4,022,425	2,007,210	1,541,068	2,020,488	31,275,201
Total Credits Used	<u>\$54,481,657</u>	<u>\$4,672,575</u>	<u>\$2,545,354</u>	<u>\$1,643,151</u>	<u>\$3,773,221</u>	\$67,115,958
Credits Expired	0	0	0	0	\$259,968	\$259,968
Qualified Investment	\$893,488,181	\$(556,680)	0	\$1,123,320	0	\$894,054,821
Direct Sales/Use Tax Refunds on Investment	\$28,846,788	\$26,656	0	\$54,944	\$1,470	\$28,929,858
New Jobs of Qualifying Companies	7,147	0	270	0	0	7,417
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$367,910	\$681,648	\$228,960	\$357,181	N/A

* For detail by year see previous Annual Reports.

** All projects approved in 1991 are past the end of their entitlement period. However, taxpayer amendments and audit adjustments to previous credits allowed or benefits received may still be reflected in current year credits earned.

Table 19

Summary of Benefits by Year (Companies Verified as Qualifying in 1992)

	1992-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	2	1	1	0 **	
Investment Credits	\$31,818,837	\$ 543,370	\$8,476	\$536,668	\$ (307,004)	\$32,600,347
New Jobs Credits	15,760,781	577,892	(527)	0	(1,718,777)	14,619,369
Total Credits Earned	<u>\$47,579,618</u>	<u>\$1,121,262</u>	<u>\$7,949</u>	<u>\$536,668</u>	<u>\$(2,025,781)</u>	\$47,219,716
Credits Used						
Income Tax	\$14,775,448	\$1,153,870	\$1,305,143	\$ 513,908	\$ 690,677	\$18,439,046
Sales/Use Tax Refunds	11,823,084	4,429,925	1,402,774	1,455,662	1,152,193	20,263,638
Total Credits Used	<u>\$26,598,532</u>	<u>\$5,583,795</u>	<u>\$2,707,917</u>	<u>\$1,969,570</u>	<u>\$1,842,870</u>	\$38,702,684
Credits Expired	0	0	0	0	0	0
Qualified Investment	\$318,188,400	\$5,433,700	\$84,760	\$5,366,680	\$(3,070,040)	\$326,003,500
Direct Sales/Use Tax Refunds on Investment	\$12,842,464	\$293,752	0	0	\$(68,457)	\$13,067,759
New Jobs of Qualifying Companies	2,078	39	532	0	0	2,649
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$493,556	\$408,227	\$333,216	\$363,175	N/A

* For detail by year see previous Annual Reports.

** All projects approved in 1992 are past the end of their entitlement period. However, taxpayer amendments and audit adjustments to previous credits allowed or benefits received may still be reflected in current year credits earned.

Table 20

**Summary of Benefits by Year
(Companies Verified as Qualifying in 1993)**

	1993-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	2	0	0	1**	
Investment Credits	\$ 97,162,614	\$2,011,629	\$ (21,218)	\$(60,908)	\$ (3,436)	\$ 99,088,681
New Jobs Credits	26,472,919	1,723,926	(444,997)	0	(26,173)	27,725,675
Total Credits Earned	<u>\$123,635,533</u>	<u>\$3,735,555</u>	<u>\$(466,215)</u>	<u>\$(60,908)</u>	<u>\$(29,609)</u>	\$126,814,356
Credits Used						
Income Tax	\$27,644,246	\$1,700,956	\$ 905,374	\$ 438,730	\$ 9,141,224	\$39,830,530
Sales/Use Tax Refunds	23,820,229	6,199,141	4,972,264	2,124,181	5,837,242	42,953,057
Total Credits Used	<u>\$51,464,475</u>	<u>\$7,900,097</u>	<u>\$5,877,638</u>	<u>\$2,562,911</u>	<u>\$14,978,466</u>	\$82,783,587
Credits Expired	0	0	0	0	0	0
Qualified Investment	\$971,626,130	\$20,116,290	\$(212,180)	\$(609,080)	\$(34,360)	\$990,886,800
Direct Sales/Use Tax Refunds on Investment	\$28,581,845	\$(3,721,732)	\$268,127	0	0	\$25,128,240
New Jobs of Qualifying Companies	4,521	23	0	0	0	4,544
Pending Sales/Use Tax Refunds as of 12/31	\$3,041,688	\$1,787,241	\$372,089	\$3,624,734	\$261,853	N/A

* For detail by year see previous Annual Reports.

** All projects approved in 1993 are past the end of their entitlement period. However, taxpayer amendments and audit adjustments to previous credits allowed or benefits received may still be reflected in current year credits earned.

Table 21

**Summary of Benefits by Year
(Companies Verified as Qualifying in 1994)**

	1994-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	9	2	0	0**	
Investment Credits	\$67,115,669	\$ 9,563,032	\$185,626	0	\$(6,443,002)	\$70,421,325
New Jobs Credits	14,339,042	4,481,672	495,023	0	(178,825)	19,136,912
Total Credits Earned	<u>\$81,454,711</u>	<u>\$14,044,704</u>	<u>\$680,649</u>	<u>0</u>	<u>\$(6,621,827)</u>	\$89,558,237
Credits Used						
Income Tax	\$ 6,425,215	\$1,436,103	\$ 865,818	\$ 512,416	\$1,101,312	\$10,340,864
Sales/Use Tax Refunds	7,095,664	3,664,454	3,918,990	2,237,106	1,047,389	17,963,603
Total Credits Used	<u>\$13,520,879</u>	<u>\$5,100,557</u>	<u>\$4,784,808</u>	<u>\$2,749,522</u>	<u>\$2,148,701</u>	\$28,304,467
Credits Expired	0	0	0	0	0	0
Qualified Investment	\$671,156,691	\$95,630,320	\$1,856,260	0	\$(64,430,020)	\$704,213,251
Direct Sales/Use Tax Refunds on Investment	\$16,829,192	\$1,152,765	\$318,874	\$163,987	0	\$18,464,818
New Jobs of Qualifying Companies	2,594	617	178	0	(61)	3,328
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$1,131,095	\$643,611	\$589,669	\$211,222	N/A

* For detail by year see previous Annual Reports.

** All projects approved in 1994 are past the end of their entitlement period. However, taxpayer amendments and audit adjustments to previous credits allowed or benefits received may still be reflected in current year credits earned.

Table 22

Summary of Benefits by Year (Companies Verified as Qualifying in 1995)

	1995-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	22	19	4	4 **	
Investment Credits	\$142,311,286	\$32,088,053	\$17,449,126	\$25,339,681	\$675,300	\$217,863,446
New Jobs Credits	<u>41,229,951</u>	<u>9,643,962</u>	<u>9,098,865</u>	<u>2,507,395</u>	<u>(21,010)</u>	62,459,163
Total Credits Earned	\$183,541,237	\$41,732,015	\$26,547,991	\$27,847,076	\$654,290	\$280,322,609
Credits Used						
Income Tax	\$35,136,476	\$20,934,114	\$16,353,115	\$ 3,659,974	\$ 5,410,201	\$ 81,493,880
Sales/Use Tax Refunds	<u>22,744,843</u>	<u>10,456,716</u>	<u>6,817,372</u>	<u>6,453,458</u>	<u>13,498,008</u>	59,970,397
Total Credits Used	\$57,881,319	\$31,390,830	\$23,170,487	\$10,113,432	\$18,908,209	\$141,464,277
Credits Expired	0	0	0	0	0	0
Qualified Investment	\$1,514,860,852	\$339,870,706	\$194,836,617	\$253,396,810	\$6,753,000	\$2,309,717,985
Direct Sales/Use Tax Refunds on Investment	\$58,291,156	\$10,829,608	\$13,719,071	\$5,560,911	\$4,192,267	\$92,593,013
New Jobs of Qualifying Companies	8,119	458	(824)	218	(14)	7,957
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$15,617,491	\$4,181,213	\$12,670,141	\$12,426,090	N/A

* For detail by year see previous Annual Reports.

** 27 companies had previously reached the end of their entitlement period and were no longer eligible to earn credits.

Table 23

Summary of Benefits by Year (Companies Verified as Qualifying in 1996)

	1996-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	23	17	17	3 **	
Investment Credits	\$64,083,013	\$17,800,623	\$15,484,318	\$ 5,996,013	\$3,432,072	\$106,796,039
New Jobs Credits	<u>34,240,925</u>	<u>13,063,543</u>	<u>11,595,345</u>	<u>6,409,293</u>	<u>2,805,394</u>	68,114,500
Total Credits Earned	\$98,323,938	\$30,864,166	\$27,079,663	\$12,405,306	\$6,237,466	\$174,910,539
Credits Used						
Income Tax	\$17,541,393	\$ 6,264,722	\$5,975,754	\$ 3,062,881	\$ 6,324,830	\$39,169,580
Sales/Use Tax Refunds	<u>9,492,504</u>	<u>4,400,658</u>	<u>3,382,497</u>	<u>11,111,035</u>	<u>11,683,686</u>	40,070,380
Total Credits Used	\$27,033,897	\$10,665,380	\$9,358,251	\$14,173,916	\$18,008,516	\$79,239,960
Credits Expired	0	0	0	0	0	0
Qualified Investment	\$640,830,103	\$178,006,230	\$154,843,180	\$59,960,130	\$34,320,720	\$1,067,960,363
Direct Sales/Use Tax Refunds on Investment	\$18,747,267	\$3,886,662	\$6,866,379	\$2,239,137	\$978,046	\$32,717,491
New Jobs of Qualifying Companies	7,331	1,007	896	(22)	(51)	9,161
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$2,385,865	\$4,074,345	\$4,102,748	\$1,190,464	N/A

* For detail by year see previous Annual Reports.

** 23 companies had previously reached the end of their entitlement period and were no longer eligible to earn credits.

Table 24

Summary of Benefits by Year (Companies Verified as Qualifying in 1997)

	1997-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	25	25	19	13**	
Investment Credits	\$117,514,759	\$41,093,180	\$24,599,866	\$ 5,919,075	\$ 9,785,720	\$198,912,600
New Jobs Credits	22,455,880	10,906,005	9,058,173	5,703,978	5,326,497	53,450,533
Total Credits Earned	<u>\$139,970,639</u>	<u>\$51,999,185</u>	<u>\$33,658,039</u>	<u>\$11,623,053</u>	<u>\$15,112,217</u>	\$252,363,133
Credits Used						
Income Tax	\$21,216,414	\$ 8,503,424	\$ 5,974,334	\$1,017,354	\$ 5,727,496	\$42,439,022
Sales/Use Tax Refunds	12,773,366	6,478,791	6,302,214	5,926,323	9,437,604	40,918,298
Total Credits Used	<u>\$33,989,780</u>	<u>\$14,982,215</u>	<u>\$12,276,547</u>	<u>\$6,943,677</u>	<u>\$15,165,100</u>	\$83,357,319
Credits Expired	0	0	0	0	0	0
Qualified Investment	\$1,505,539,233	\$526,066,321	\$351,443,614	\$301,851,790	\$109,857,890	\$2,794,758,848
Direct Sales/Use Tax Refunds on Investment	\$41,515,791	\$10,405,982	\$15,518,664	\$14,281,845	\$6,161,742	\$87,884,024
New Jobs of Qualifying Companies	5,189	43	348	(1,043)	73	4,610
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$8,584,021	\$9,249,533	\$5,119,592	\$2,249,535	N/A

* For detail by year see previous Annual Reports.

** Twelve companies had previously reached the end of their entitlement period and were no longer eligible to earn credits.

Table 25

Summary of Benefits by Year (Companies Verified as Qualifying in 1998)

	1998-1999*	2000	2001	2002	2003	Total
Number of Companies Reporting	N/A	19	17	16	12**	
Investment Credits	\$23,317,116	\$3,219,330	\$4,145,285	\$4,755,285	\$4,303,370	\$39,740,386
New Jobs Credits	3,972,050	2,678,609	2,458,230	2,530,974	2,780,500	14,420,363
Total Credits Earned	<u>\$27,289,166</u>	<u>\$5,897,939</u>	<u>\$6,603,515</u>	<u>\$7,286,259</u>	<u>\$7,083,870</u>	\$54,160,749
Credits Used						
Income Tax	\$2,395,619	\$3,882,786	\$4,302,197	\$2,560,810	\$ 597,872	\$13,739,284
Sales/Use Tax Refunds	642,031	2,093,060	949,407	758,764	755,361	5,198,623
Total Credits Used	<u>\$3,037,650</u>	<u>\$5,975,846</u>	<u>\$5,251,604</u>	<u>\$3,319,574</u>	<u>\$1,353,233</u>	\$18,937,907
Credits Expired	0	0	0	0	0	0
Qualified Investment	\$480,715,997	\$37,403,010	\$54,006,860	\$73,667,784	\$82,975,862	\$728,769,513
Direct Sales/Use Tax Refunds on Investment	\$9,377,683	\$2,251,855	\$4,779,262	\$1,277,362	\$1,627,015	\$19,313,177
New Jobs of Qualifying Companies	1,592	143	170	(4)	(61)	1,840
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$4,704,636	\$1,086,017	\$5,524,746	\$2,160,412	N/A

* For detail by year see previous Annual Reports.

** Two companies had previously reached the end of their entitlement period and were no longer eligible to earn credits.

Table 26

**Summary of Benefits by Year
(Companies Verified as Qualifying in 1999)**

	1999	2000	2001	2002	2003	Total
Number of Companies Reporting	25	18	17	20	20	
Investment Credits	\$17,564,025	\$5,336,151	\$5,791,043	\$11,146,419	\$3,438,556	\$43,276,194
New Jobs Credits	<u>3,513,485</u>	<u>2,381,629</u>	<u>2,790,963</u>	<u>3,464,230</u>	<u>3,408,249</u>	15,558,556
Total Credits Earned	\$21,077,510	\$7,717,780	\$8,582,006	\$14,610,649	\$6,846,805	\$58,834,750
Credits Used						
Income Tax	\$1,802,158	\$4,506,493	\$4,015,692	\$2,749,371	\$3,686,724	\$16,760,438
Sales/Use Tax Refunds	<u>123,032</u>	<u>1,490,942</u>	<u>1,714,173</u>	<u>899,177</u>	<u>2,352,962</u>	6,580,286
Total Credits Used	\$1,925,190	\$5,997,435	\$5,729,865	\$3,648,548	\$6,039,686	\$23,340,724
Credits Expired	0	0	0	0	0	0
Qualified Investment	\$279,327,694	\$70,977,183	\$59,611,023	\$111,550,972	\$2,762,686	\$524,229,558
Direct Sales/Use Tax Refunds on Investment	\$2,758,801	\$2,527,013	\$6,493,652	\$1,980,076	\$2,476,087	\$16,235,629
New Jobs of Qualifying Companies	1,908	317	231	(171)	(404)	1,881
Pending Sales/Use Tax Refunds as of 12/31	\$5,443,062	\$1,533,797	\$2,673,354	\$1,225,309	\$2,085,628	N/A

Table 27

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2000)**

	2000	2001	2002	2003	Total
Number of Companies Reporting	17	10	12	13	
Investment Credits	\$65,755,392	\$12,639,552	\$15,807,452	\$20,842,830	\$115,045,226
New Jobs Credits	<u>2,778,812</u>	<u>1,349,424</u>	<u>1,806,868</u>	<u>3,680,376</u>	9,615,480
Total Credits Earned	\$68,534,204	\$13,988,976	\$17,614,320	\$24,523,206	\$124,660,706
Credits Used					
Income Tax	\$824,852	\$2,785,535	\$4,773,873	\$2,171,578	\$10,555,838
Sales/Use Tax Refunds	<u>0</u>	<u>358,044</u>	<u>1,993,938</u>	<u>2,454,055</u>	4,806,037
Total Credits Used	\$824,852	\$3,143,579	\$6,767,811	\$4,625,633	\$15,361,875
Credits Expired	0	0	0	0	0
Qualified Investment	\$708,457,879	\$122,730,697	\$173,479,042	\$207,110,623	\$1,211,778,241
Direct Sales/Use Tax Refunds on Investment	\$10,892,426	\$6,266,313	\$2,826,685	\$9,819,190	\$29,804,614
New Jobs of Qualifying Companies	1,192	11	87	214	1,504
Pending Sales/Use Tax Refunds as of 12/31	\$2,338,005	\$1,325,861	\$6,032,435	\$3,145,788	N/A

Table 28

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2001)**

	2001	2002	2003	Total
Number of Companies Reporting	16	6	12	
Investment Credits	\$17,323,696	\$3,100,980	\$3,781,509	\$24,206,185
New Jobs Credits	2,294,786	782,348	2,057,378	5,134,512
Total Credits Earned	<u>\$19,618,482</u>	<u>\$3,883,328</u>	<u>\$5,838,887</u>	<u>\$29,340,697</u>
Credits Used				
Income Tax	\$1,077,604	\$5,180,996	\$2,421,865	\$ 8,680,465
Sales/Use Tax Refunds	103,594	417,902	1,595,498	2,116,994
Total Credits Used	<u>\$1,181,198</u>	<u>\$5,598,898</u>	<u>\$4,017,363</u>	<u>\$10,797,459</u>
Credits Expired	0	0	0	0
Qualified Investment	\$173,236,960	\$31,009,800	\$37,815,090	\$242,061,850
Direct Sales/Use Tax Refunds on Investment	\$121,883	\$2,680,363	\$2,616,342	\$5,418,588
New Jobs of Qualifying Companies	1,334	200	63	1,597
Pending Sales/Use Tax Refunds as of 12/31	\$147,355	\$1,572,286	\$740,215	N/A

Table 29

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2002)**

	2002	2003	Total
Number of Companies Reporting	18	8 *	
Investment Credits	\$21,999,971	\$2,037,994	\$24,037,965
New Jobs Credits	4,164,393	1,321,232	5,485,625
Total Credits Earned	<u>\$26,164,364</u>	<u>\$3,359,226</u>	<u>\$29,523,590</u>
Credits Used			
Income Tax	\$743,502	\$382,547	\$1,126,049
Sales/Use Tax Refunds	6,156	467,714	473,870
Total Credits Used	<u>\$749,658</u>	<u>\$850,261</u>	<u>\$1,599,919</u>
Credits Expired	0	0	0
Qualified Investment	4219,999,710	\$20,379,940	\$240,379,650
Direct Sales/Use Tax Refunds on Investment	\$7,341	\$2,418,973	\$2,426,314
New Jobs of Qualifying Companies	1,595	37	1,632
Pending Sales/Use Tax Refunds as of 12/31	\$1,075,304	\$2,123,691	N/A

* Two companies had previously reached the end of their entitlement period and were no longer eligible to earn credits.

Table 30

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2003)**

	2003	Total
Number of Companies Reporting	14	
Investment Credits	\$40,979,553	\$40,979,553
New Jobs Credits	<u>2,376,097</u>	<u>2,376,097</u>
Total Credits Earned	\$43,355,650	\$43,355,650
Credits Used		
Income Tax	0	0
Sales/Use Tax Refunds	<u>0</u>	<u>0</u>
Total Credits Used	0	0
Credits Expired	0	0
Qualified Investment	\$485,436,327	\$485,436,327
Direct Sales/Use Tax Refunds on Investment	\$6,635,855	\$6,635,855
New Jobs of Qualifying Companies	724	724
Pending Sales/Use Tax Refunds as of 12/31	\$3,760,283	N/A

Projected Revenue Gains and (Losses) of LB 775, LB 829 as amended, and LB 620 for Tax Years 1987-2017 Projects by Fiscal Years**

The estimates are based on a sample of 100 agreements and actual results of 343 qualified projects, including 67 completed projects, from 1987 through 2003. Employment and investment flows are projected at rates indicated by the corresponding companies' applications. The analysis time frame considers future agreements signed through the year 2017 with a 95 percent success rate.

All other pertinent information as provided in the applications, such as salary levels and investment composition (not all property is treated equally in regard to tax preferences), is taken into consideration.

The classification of jobs into new economic jobs or existing jobs (jobs that would have been created regardless of the existence of LB 775, LB 829 as amended, and LB 620) is based on the company provided description of the project. The model estimates that 30 percent of the jobs created are true new economic jobs.

The credit used estimate is based on the assumption of maximized use for each year either against corporate income tax, individual income tax, or sales and use tax.

The time series analysis from 1987 to 2003 indicates that the usage of credits against sales and use taxes paid averages 48 percent of credits used. This usage factor was used for the future allocation of credits used. The liability analysis of the calendar year simulation model is converted into a fiscal year cash flow model.

The estimated profitability (individual and corporate income tax liability available for credit set-off) is based on the historical profitability of the respective companies.

The following is an estimate of new projects for the years 2004 through 2017.

Year	# of Agreements Signed	AVERAGE PER PROJECT*		
		\$ Million of Investment	Number of Employees	Salary Level
2004	26	86.0	235	34,671
2005	18	56.1	204	32,601
2006	30	56.6	142	38,270
2007	20	53.1	126	35,985
2008	25	92.1	127	42,243
2009	41	52.6	291	39,721
2010	32	45.4	235	45,491
2011	28	41.0	135	36,439
2012	22	27.8	105	40,056
2013	20	35.3	91	39,067
2014	18	81.7	110	46,045
2015	31	56.6	184	38,200
2016	26	41.6	172	49,978
2017	15	74.1	63	68,453

* The investment and employment levels represent the entire investment and employment associated with the project through the entitlement period (employment levels represent the employees qualifying for credits).

** A detailed description of the model is available upon request.

(Methodology and Assumptions for LB 775 Benefit and Cost Estimate; Nebraska Department of Revenue, Finance and Research Division, August 1996.)

**PROJECTED REVENUE GAINS OR (LOSSES) OF LB 775, LB 829 AS AMENDED, AND LB 620
FOR TAX YEARS 1987-2017 BY FISCAL YEAR**

Fiscal Year		03/04	04/05	05/06	06/07	07/08	08/09
SUMMARY	Expansion: Sales and Use	81,051,623	88,829,797	97,863,883	103,200,056	90,385,001	94,661,617
	Corporate	8,246,786	9,051,595	9,934,129	10,818,566	10,905,636	9,974,027
	Individual	35,719,364	39,152,557	43,119,205	45,607,449	40,516,255	41,854,258
	Sales and Use Tax Refunds TPP	38,881,926	43,872,852	47,857,473	47,935,803	44,880,549	42,481,244
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	94,461,591	100,857,102	108,205,647	112,759,432	115,114,032	117,231,475
	Corp. or Individ. & Wage Benefit Credit	50,064,643	53,454,264	57,348,993	59,762,499	61,010,437	62,132,682
	Sales and Use	44,396,948	47,402,838	50,856,654	52,996,933	54,103,595	55,098,793
	Credits Expired	8,116,372	7,509,830	10,272,331	7,944,453	7,074,628	6,986,498
	Gain or (Loss)	(8,325,744)	(7,696,005)	(5,145,903)	(1,069,164)	(18,187,689)	(13,222,817)
	Cumulative	(412,780,587)	(420,476,592)	(425,622,495)	(426,691,659)	(444,879,348)	(458,102,165)
	Sales Tax Refunds (TPP+Credits Used)	83,278,874	91,275,690	98,714,127	100,932,736	98,984,144	97,580,037
Fiscal Year		09/10	10/11	11/12	12/13	13/14	14/15
SUMMARY	Expansion: Sales and Use	93,400,417	91,113,532	92,608,948	91,950,659	90,984,132	91,427,996
	Corporate	10,289,447	10,123,935	9,977,651	10,082,021	10,001,823	9,935,667
	Individual	41,475,946	40,494,987	41,034,640	40,813,072	40,394,382	40,545,465
	Sales and Use Tax Refunds TPP	41,859,311	41,714,844	39,973,928	37,004,602	34,859,202	33,756,601
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	119,057,926	119,637,559	117,835,213	113,846,007	109,898,127	107,380,112
	Corp. or Individ. & Wage Benefit Credit	69,053,597	69,389,784	64,809,367	62,615,304	60,443,970	62,280,465
	Sales and Use	50,004,329	50,247,775	53,025,846	51,230,703	49,454,157	45,099,647
	Credits Expired	6,073,319	6,055,298	6,526,912	7,037,518	7,183,561	7,019,668
	Gain or (Loss)	(15,751,427)	(19,619,949)	(14,187,902)	(8,004,857)	(3,376,992)	772,415
	Cumulative	(473,853,592)	(493,473,541)	(507,661,443)	(515,666,300)	(519,043,292)	(518,270,877)
	Sales Tax Refunds (TPP+Credits Used)	91,863,640	91,962,619	92,999,774	88,235,305	84,313,359	78,856,248
Fiscal Year		15/16	16/17	17/18	18/19	19/20	20/21
SUMMARY	Expansion: Sales and Use	91,610,050	97,385,092	113,232,132	118,073,042	110,137,319	105,946,066
	Corporate	9,983,492	10,174,606	11,102,650	12,548,262	12,737,799	11,974,028
	Individual	40,637,417	43,023,879	49,733,913	52,248,522	49,150,047	47,168,038
	Sales and Use Tax Refunds TPP	35,093,469	43,111,337	55,055,797	58,501,484	49,990,360	34,302,199
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	107,816,343	115,180,047	126,601,771	132,874,573	132,509,855	104,219,512
	Corp. or Individ. & Wage Benefit Credit	62,533,479	66,804,427	73,429,027	77,067,252	76,855,716	60,447,317
	Sales and Use	45,282,864	48,375,620	53,172,744	55,807,321	55,654,139	43,772,195
	Credits Expired	6,797,838	7,468,035	10,140,847	12,115,184	12,641,445	13,043,501
	Gain or (Loss)	(678,853)	(7,707,807)	(7,588,873)	(8,506,231)	(10,475,050)	26,566,421
	Cumulative	(518,949,730)	(526,657,537)	(534,246,410)	(542,752,641)	(553,227,691)	(526,661,270)
	Sales Tax Refunds (TPP+Credits Used)	80,376,333	91,486,957	108,228,541	114,308,805	105,644,499	78,074,394

NOTE: Rounding differences may cause slight variations.

Table 31 Estimate of Personal Property Valuation Exempted Under LB 775 By Class In Each County (Tax Year 2003)

The following tables show the value of personal property exempted for 2003 and cumulative for tax years 1988-2003. When a company applies for LB 775 benefits under the \$10 million investment and 100 employees option, a personal property tax exemption is available for

- Turbine-powered aircraft used in connection with the project.

The Department of Revenue conducts field reviews to verify that the companies have met the minimum of \$10 million investment and 100 employees to qualify for property tax exemption on the following property used in connection with the project:

- Mainframe business computers plus certain peripheral components connected to such computers,
- Personal property, which is business equipment located in a single project involved directly in the manufacture or processing of agricultural products. (For applications filed before January 1, 1988, the exemption is for business equipment if the business equipment is utilized in a business which is involved directly in the manufacture or processing of agricultural products, and the business equipment had a minimum aggregate value of ten million dollars.)

County	Airplanes	Computer Equipment	Business Equipment	Total
Adams			\$61,159,038	\$ 61,159,038
Buffalo		\$ 725,417	844	726,261
Cheyenne	\$ 1,249,500	5,621,699		6,871,199
Colfax			20,849,299	20,849,299
Cuming			1,391,152	1,391,152
Dakota			23,696,812	23,696,812
Dawson			7,187,930	7,187,930
Dixon			1,979,250	1,979,250
Dodge			7,154,169	7,154,169
Douglas	47,231,801	77,344,704	20,073,248	144,649,753
Gage			5,032	5,032
Hall	1,478,175	86,818	825	1,565,818
Knox			183,601	183,601
Lancaster		3,418,973	92	3,419,065
Lincoln		7,744		7,744
Madison			19,525,837	19,525,837
Otoe			8,211,793	8,211,793
Platte			57,549,789	57,549,789
Red Willow			1,520	1,520
Saline		290,112	23,531,521	23,821,633
Sarpy		4,473,417	2,089,697	6,563,114
Washington			140,002,739	140,002,739
Total	\$49,959,476	\$91,968,884	\$394,594,188	\$536,522,548

Table 32 Estimate of Personal Property Valuation Exempted Under LB 775 By Class In Each County (Cumulative for Tax Years 1988-2003)

County	Airplanes	Computer Equipment	Business Equipment	Total
Adams	\$ 0	\$ 0	\$ 310,552,149	\$ 310,552,149
Box Butte	0	102,472	0	102,472
Buffalo	0	5,704,097	67,563	5,771,660
Butler	0	41,145	0	41,145
Cheyenne	10,557,000	24,147,947	0	34,704,947
Colfax	0	0	156,185,226	156,185,226
Cuming	0	0	12,561,388	12,561,388
Custer	0	663,100	10,194	673,294
Dakota	0	0	300,706,146	300,706,146
Dawes	0	171,909	0	171,909
Dawson	0	0	232,425,195	232,425,195
Dixon	0	504,272	130,807,203	131,311,475
Dodge	0	258,633	61,461,699	61,720,332
Douglas	347,738,786	1,919,618,549	632,835,284	2,900,192,619
Gage	0	62,719	1,344,011	1,406,730
Hall	4,458,957	2,461,402	86,283,194	93,203,553
Knox	0	0	67,349,349	67,349,349
Lancaster	32,400,365	76,387,869	242,968	109,031,202
Lincoln	0	2,411,021	48,451	2,459,472
Madison	0	6,943	139,717,085	139,724,028
Otoe	0	0	44,104,308	44,104,308
Phelps	0	1,539,181	0	1,539,181
Platte	0	9,052,197	1,047,575,121	1,056,627,318
Red Willow	0	0	37,941	37,941
Saline	0	6,499,890	223,358,959	229,858,849
Sarpy	7,911,346	62,534,798	46,706,114	117,152,258
Scottsbluff	0	345,383	0	345,383
Seward	0	141,359	0	141,359
Washington	0	340,809	1,150,389,219	1,150,730,028
Wayne	0	117,223	0	117,223
York	0	366,371	0	366,371
*Central	76,497,583	0	0	76,497,583
Total	\$479,564,037	\$2,113,479,289	\$4,644,768,767	\$7,237,812,093

* Centrally assessed property with value distributed throughout the state. These figures represent our estimates of the values exempted.

Quality Jobs Act LB 829
(as amended by LB 1368)



Neb. Rev. Stat. §77-4933 states:

The Department of Revenue shall submit an annual report to the Legislature no later than March 15 each year. The report shall list (a) the agreements which have been signed during the previous calendar year, (b) the agreements which are still in effect, (c) the identity of each company, and (d) the location of each project.

The report shall also state by industry group (a) the amount of wage benefit credits allowed under the Quality Jobs Act, (b) the number of direct jobs created at the project, (c) the amount of direct capital investment under the act, (d) the estimated wage levels of jobs created by the companies at the projects, (e) the estimated indirect jobs and investment created on account of the projects, and (f) the projected future state and local revenue gains and losses from all revenue sources on account of the direct and indirect jobs and investment created on account of the project.

No information shall be provided in the report that is protected by state or federal confidentiality laws.

LB 829 (as amended by LB 1368) Qualified Activity Reported in 2003

The Quality Jobs Act, LB 829, requires a separate application subject to approval by the Quality Jobs Board. The members of the board are the Governor, the State Treasurer, and the chairperson of the Nebraska Investment Council. A qualifying business must invest at least \$50 million in qualified property and hire at least 500 new employees or invest at least \$100 million in qualified property and hire at least 250 new employees. If the company reaches and maintains these levels, they are eligible for a wage benefit credit. The company is to expend at least the value of the wage benefit credit for company training programs, employee benefit programs, educational institution training programs or workplace safety programs.

There are five, active agreements signed under LB 829. The agreement specifies whether the company has elected to use the credit against the company's income tax or has elected to retain a portion of the Nebraska individual income tax withholding as designated by the employees.

Wage benefit credits were allowed in 1998 through 2003, however due to confidentiality no information is reported.

No new LB829 applications may be filed after February 1, 2000 without further authorization of the Legislature.

Agreements Signed in 1996 That are Still in Effect

Company Name	Project Type	Project Location
1. Union Pacific Railroad Company	\$100M + 250 emp	Omaha

Agreements Signed in 1997 That are Still in Effect

Company Name	Project Type	Project Location
1. First Data Corporation	\$60M + 2000 emp	Omaha

Agreements Signed in 1998 That are Still in Effect

Company Name	Project Type	Project Location
1. Caterpillar Claas America LLC	\$60M + 500 emp	Omaha Metro
2. Nebraska Beef, Ltd.	\$69M + 936 emp	Omaha

Agreements Signed in 2000 That are Still in Effect

Company Name	Project Type	Project Location
1. Becton Dickinson and Company	\$146M + 287 emp	Columbus, Broken Bow, and Holdrege

Employment Expansion and Investment Incentive Act LB 1124, LB 270, as amended



Neb. Rev. Stat. §77-27,195 states: (prior to amendment by LB 608 in 2003)

Report; contents. (1) The Tax Commissioner shall prepare a report identifying the amount of investment in this state and the number of equivalent jobs created by each taxpayer claiming a credit pursuant to the Employment Expansion and Investment Incentive Act. The report shall include the amount of credits claimed in the aggregate. The report shall be issued on or before March 15 of each year, beginning with March 15, 1988, for all credits allowed during the previous calendar year.

(2) In the report for any year in which a taxpayer located in an enterprise zone designated pursuant to the Enterprise Zone Act claimed a credit pursuant to subsection (3) of section 77-27,188, the Tax Commissioner shall identify (a) the amount of investment made in each enterprise zone by all taxpayers claiming credits, (b) the number of jobs created in each enterprise zone by all taxpayers claiming credits, (c) the number of jobs created in each enterprise zone by all taxpayers claiming credits held by residents of the enterprise zone, and (d) the average wage on an hourly basis or the average annual salary of new jobs created in each enterprise zone by all taxpayers claiming credits.

LB 1124, LB 270, as amended Qualified Activity Reported in 2003

A separate application process is not required for this incentive program. The number of credits earned, jobs created, and investment made is reported by the filing 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 1995 through 2002 tax returns processed during 2003. A total of 1,347 separate businesses have filed for benefits under LB 1124 through 2003.

In 2003, the department approved 180 returns from businesses, 101 of which reported new investment made and/or employees hired. These 101 returns reflected the following:

- Net new investment of \$68,186,725
- New full-time jobs of 784
- Credits of \$2,032,500, excluding the Enterprise Zone credits

Forty-eight returns processed in 2003 showed maintenance of past levels of employment and investment. If a taxpayer fails to maintain the required levels of investment and employment for at least two years after the year for which the credit was first allowed, part of the used and unused credits are 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. Thirty-one returns processed in 2003 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.

Legislative Change:

LB 608 was passed during the 2003 legislative session. LB 608 changed the provisions of the Employment Expansion and Investment Incentive Act, the Act. The provisions of the Act, as described at the top of this page, are effective for tax years before 2004. For tax years beginning on or after January 1, 2004, the provisions of LB 608 must be met in order to earn credits under the Act.

A company which created credits in tax years before 2004 may use these credits during its five year carryover period. The company must file to show maintenance of the required investment and employment levels for two years.

Business Activity Summary

	Processed In 1988-1999****	Processed In 2000	Processed In 2001	Processed In 2002	Processed In 2003	Total
Investment	\$1,110,369,744	\$143,364,935	\$135,902,328	\$100,975,657	\$68,186,725**	\$1,558,799,389
Employees	22,809	1,895	1,839	1,085	784***	28,412
Credits	\$45,053,652	\$4,559,500	\$4,402,000	\$2,938,500	\$2,032,000	\$58,985,652
LB 335 Credits	256,000	0	0	0	0	256,000
Enterprise Zone Credits	\$ 553,500	\$ 0	\$ 36,000	\$ 101,000	\$ 56,000	\$ 746,500
Total Credits	45,863,152	\$4,559,500	\$4,438,000	\$3,039,500	\$2,088,000	\$59,988,152
Credits Used						
Income Tax	\$21,073,457	\$1,964,562	\$1,736,498	\$1,452,051	\$ 968,909	\$27,195,477
Sales Tax	13,882,063	2,037,679	1,677,097	887,454	1,418,172	19,902,465
Credits Recaptured:						
Income Tax	\$1,313,385	\$192,147	\$153,592	\$163,340	\$152,405	\$1,974,869
Sales Tax	299,478	6,338	100	0	0	305,916
Unused Credit Carryover Recapture	\$1,727,628	\$297,769	\$255,588	\$119,052	\$71,081	\$2,471,118
Credits Expired	\$760,740	\$48,670	\$90,430	\$45,016	\$33,404	\$978,260

* LB886 which was passed in 1997 changed the definition of a new employee from a full-time employee to a full-time equivalent employee operative for tax years beginning on or after January 1, 1998.

** 1987 returns	150,000	(1)	*** 1987 returns	3	*	(1)
1988 returns	75,000	(1)	1988 returns	3	*	(1)
1992 returns	150,000	(1)	1992 returns	3	*	(1)
1995 returns	660,727		1995 returns	4	*	
1996 returns	1,464,147		1996 returns	30	*	
1997 returns	865,556		1997 returns	28	*	
1998 returns	14,984,620		1998 returns	45		
1999 returns	2,621,521		1999 returns	70		
2000 returns	12,013,190		2000 returns	182		
2001 returns	13,466,421		2001 returns	166		
2002 returns	<u>21,735,543</u>		2002 returns	<u>250</u>		
	68,186,725			784		

**** For detail by year see previous Annual Reports

(1) The investment and employment is based on a finalized audit.

1995–2002 Business Activity (Processed in 2003)

	Net New Investment	Jobs		Net New Investment	Jobs
1	11,256,796	7	50	225,000	15
2	5,923,124	10	51	225,000	7
3	4,281,842	70	52	220,136	2
4	4,195,833	13	53	219,291	4
5	3,415,474	26	54	216,488	11
6	3,076,471	4	55	214,505	2
7	2,884,114	2	56	211,853	2
8	2,851,615	11	57	210,931	3
9	2,086,805	2	58	190,528	34
10	1,800,000	6	59	182,761	4
11	1,780,815	5	60	173,354	7
12	1,725,000	29	61	165,216	3
13	1,362,942	12	62	164,722	4
14	1,229,914	16	63	158,217	26
15	1,165,155	10	64	150,378	11
16	1,094,387	3	65	150,000	3
17	919,240	4	66	150,000	3
18	865,978	11	67	145,228	6
19	799,460	15	68	144,698	3
20	754,107	10	69	138,029	3
21	719,694	23	70	135,227	4
22	710,099	3	71	129,473	3
23	704,772	23	72	118,975	4
24	703,997	6	73	118,788	14
25	702,653	10	74	111,962	4
26	660,727	4	75	111,151	6
27	590,897	2	76	94,840	5
28	582,273	3	77	87,478	13
29	579,250	10	78	86,467	2
30	560,525	3	79	85,792	4
31	527,820	3	80	75,000	3
32	525,749	4	81	0	13
33	510,571	3	82	0	9
34	497,885	8	83	0	8
35	496,423	15	84	0	7
36	474,949	20	85	0	6
37	457,273	4	86	0	6
38	442,857	3	87	0	6
39	413,018	4	88	0	6
40	398,251	2	89	0	5
41	333,787	4	90	0	5
42	298,706	3	91	0	4
43	296,006	12	92	0	4
44	279,230	6	93	0	3
45	265,244	24	94	0	3
46	253,993	5	95	0	3
47	242,694	6	96	0	2
48	226,284	3	97	0	2
49	225,000	6	98	0	2
			99	0	2
			100	0	2
			101	0	2
				71,961,187	803
				(3,774,462)	-19
			101	68,186,725	784
			Returns	Investment	Jobs

Enterprise Zone Act, LB 1124 as amended

Incentive credits earned under the Enterprise Zone Act are based on the provisions of LB1124 other than higher credit levels are allowed. The Enterprise Zone Act provides a higher employment credit for companies engaged in a qualifying business within the defined enterprise zones and employing residents of the zone. If at least 50 percent of the new employees reside within the enterprise zone, then the company also receives additional credits for new investment. The credits provided under this subsection shall not exceed \$75,000 in any one tax year. In addition to the requirements to maintain the employment and investment levels for two years that are required of any LB 1124 company, those earning credits under the Enterprise Zone Act for tax years starting before January 1, 2001 need to maintain the number of new employees residing in the enterprise zone.

The Nebraska Employment and Investment Credit Computation, Form 3800N, filed with a tax return is the method to report credits earned, investment made, jobs created for employees in total and for residents of the zone. In 2003, businesses within the enterprise zones qualified for new credits as stated below.

Omaha and Platte Valley Enterprise Zones*

Amount of investment:	\$448,005
Number of jobs:	28
Number of jobs held by residents:	3
Average wage on an hourly basis:	\$14.04
Average annual salary:	\$29,196
Credits:	\$56,000

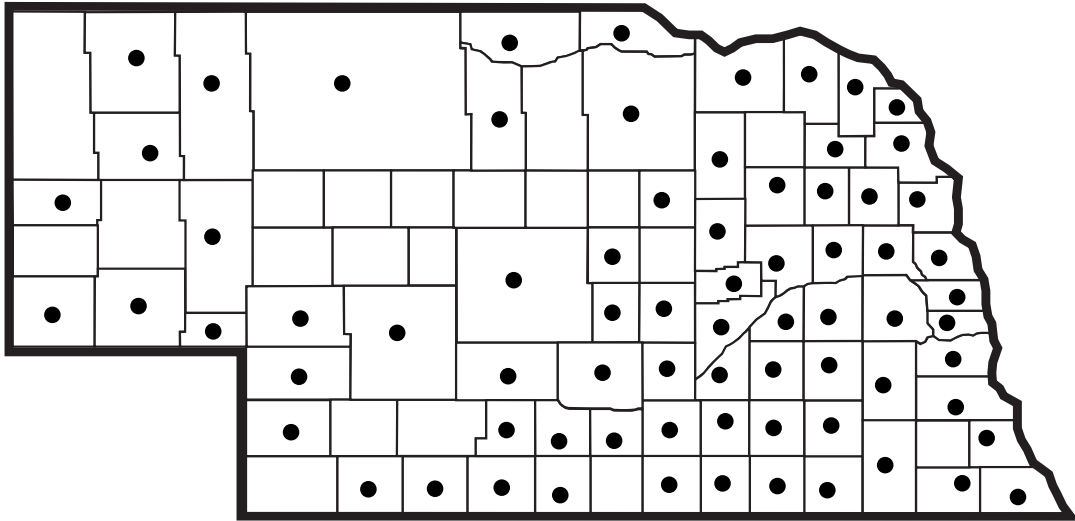
*The amounts are totals for all Enterprise Zones rather than for each zone in order to preserve confidentiality.

Legislative Change:

LB 608 was passed during the 2003 legislative session. LB 608 changed the provisions of the Employment Expansion and Investment Incentive Act, the Act. The provisions of the Act, as described at the top of this page, are effective for tax years before 2004. For tax years beginning on or after January 1, 2004, the provisions of LB 608 must be met in order to earn credits under the Act.

A company which created credits in tax years before 2004 may use these credits during its five year carryover period. The company must file to show maintenance of the required investment and employment levels for two years.

LB 1124
(as amended by LB 270, LB 335, and LB 725)
Location of Expansion



Ainsworth	Cody	Gresham	Madrid	St. Paul
Albion	Columbus	Gretna	Mead	Sargent
Alda	Cozad	Gurley	Milford	Schuyler
Alma	Crete	Hampton	Milligan	Scottsbluff
Allen	Crofton	Hardy	Minden	Seward
Alliance	Culbertson	Hartington	Morrill	Shelby
Ansley	Dakota City	Hastings	Nebraska City	Shickley
Arapahoe	David City	Heartwell	Neligh	Sidney
Arcadia	Deshler	Hebron	Nickerson	Snyder
Ashland	Diller	Hemingford	Norfolk	South Sioux City
Atkinson	Dodge	Henderson	North Bend	Spencer
Auburn	Doniphan	Hickman	North Loup	Springfield
Aurora	Dorchester	Holbrook	North Platte	Springview
Bartlett	Douglas	Holdrege	Ogallala	Stanton
Battle Creek	Eddyville	Hoskins	O'Neill	Stratton
Beatrice	Edison	Howells	Omaha	Sumner
Beemer	Elkhorn	Humboldt	Orchard	Sutton
Bellevue	Elm Creek	Humphrey	Osceola	Syracuse
Bennet	Elwood	Imperial	Oshkosh	Tekamah
Big Springs	Emerson	Juanita	Oxford	Thurston
Blair	Endicott	Kearney	Page	Utica
Bloomfield	Exeter	Kimball	Palmer	Valley
Broken Bow	Fairbury	Laurel	Papillion	Venango
Bruning	Fairmont	LaVista	Pender	Waco
Brunswick	Falls City	Leigh	Peru	Wahoo
Cairo	Farnam	Lexington	Petersburg	Waterloo
Cambridge	Farwell	Lincoln	Pilger	Waverly
Cedar Rapids	Fremont	Lindsay	Plattsmouth	Wayne
Central City	Fullerton	Lisco	Pleasanton	Weeping Water
Chadron	Geneva	Litchfield	Plymouth	West Point
Chapman	Genoa	Long Pine	Primrose	Wisner
Chappell	Gering	Louisville	Ralston	York
Chambers	Gibbon	Lyman	Randolph	
Clarks	Gordon	Lyons	Red Cloud	
Clarkson	Gothenburg	McCook	Royal	
Clearwater	Grand Island	Madison	St. Edward	

Rural Economic Opportunities Act, LB936



Neb. Rev. Stat. 77-5412. States:

The Tax Commissioner shall submit an annual report to the Legislature no later than June 30 of each year.

The report shall state by industry group (a) the credits earned, (b) the credits used to reduce the corporate income tax and the credits used to reduce the individual income tax, (c) the number of jobs created, (d) the total number of employees employed by taxpayers at qualifying projects on the last day of the calendar quarter prior to the application date and the total number of employees employed by the taxpayers for the projects on subsequent reporting dates, (e) the expansion of capital investment, (f) the estimated wage levels of jobs created subsequent to the application date, (g) the total number of qualified applicants, (h) the projected future state revenue gains and losses, and (i) the credits outstanding.

No information shall be provided in the report that is protected by state or federal confidentiality laws.

LB936

Qualified Activity Reported in 2003

The Rural Economic Opportunities Act, LB936, requires a separate application with the Nebraska Department of Revenue which states the planned employment, investment, and wages. The minimum required levels of investment, wages and employment vary by county and must meet the following requirements:

- A full-time equivalent employment increase of at least one half of one percent of the county labor force,
- Investment of \$100,000 times the number of required employees if the county labor force is more than 3,000 and \$50,000 times the number of required employees if the county labor force is 3,000 or less and
- Average annual wage equal to or greater than the average wage in the county or the region.

As of the end of 2003, there have been no qualified applicants.

Invest Nebraska Act, LB 620, as amended



Neb. Rev. Stat. 77-5542 States:

(1) The Department of Revenue shall submit an annual report to the Legislature no later than March 15 each year. The report shall list (a) the agreements which have been signed during the previous calendar year, (b) the agreements which are still in effect, (c) the identity of each company, and (d) the location of each project.

(2) The report shall also state by industry group (a) the amount of wage benefit credits and investment tax credits allowed under the Invest Nebraska Act, (b) the number of direct jobs created at the projects, (c) the amount of direct capital investment under the act, (d) the estimated wage levels of jobs created by the companies at the projects, (e) the estimated indirect jobs and investment created on account of the projects, and (f) the projected future state and local revenue gains and losses from all revenue sources on account of the direct and indirect jobs and investment created on account of the projects.

(3) No information shall be provided in the report that is protected by state or federal confidentiality laws.

Invest Nebraska Act, LB620

Qualified Activity Reported in 2003

The Invest Nebraska Act requires a separate application subject to approval by the Invest Nebraska Board. The members of the board are the Governor, the State Treasurer, and the chairperson on the Nebraska Investment Council. A qualifying business selects one of the following options in their application.

1. \$10 million investment and 25 new employees whose annual wage exceeds the Nebraska average annual wage. This option is only available for projects located outside of counties with 100,000 or more in population.
2. \$50 million investment and 500 new employees OR \$100M and 250 new employees. The new employees annual wage must exceed 110% of the Nebraska average annual wage.
3. \$200 million investment and 500 new employees whose annual wage exceeds 120% of the Nebraska average annual wage.

If the company reaches and maintains the selected level, they are eligible for benefits. An eligible company earns a wage benefit credit from 0 to 5 percent of the taxable wages paid to new employees earning more than the required wage level. A company selecting Option 3 may receive, in lieu of a wage benefit credit, an alternate investment tax credit equal to fifteen percent of the investment. The company is to expend at least the value of the wage benefit credit or alternate investment tax credit for company training programs, employee benefit programs, educational institution training programs or workplace safety programs.

The agreement specifies the option elected and the available benefits. The wage benefit credit and the alternate investment tax credit may be used for 100% of the income tax liability. The wage benefit credit may also be used to retain a portion of the Nebraska individual income tax withholding employer liability.

Six applications have been approved by the Invest Nebraska Board and five agreements signed under LB 620. No company has shown they met the required minimum levels of investment and employment to qualify for benefits. Therefore, no credits were allowed and no investment or new jobs are reported.

Agreements Signed in 2001 That are Still in Effect

Company Name	Project Type	Project Location
1. Union Pacific Railroad Company	\$200 M + 500 emp	Omaha

Agreements Signed in 2003 That are Still in Effect

Company Name	Project Type	Project Location
1. American Meter Company, Inc.	\$33M + 80 emp	Nebraska City
2. Natura Manufacturing Inc.	\$10M + 25	Fremont
3. Nordice Biofuels of Ravenna, LLC	\$95M + 100emp	Ravenna
4. Wal-Mart Stores East, Inc.	\$10M + 25 emp	North Platte

Other Applications Approved by Invest Nebraska Board in 2001

Company Name	Project Type	Project Location
1. Beef Products, Inc.	\$15M + 25 emp	South Sioux City

Employment Expansion and Investment Incentive Act, LB 608



Neb Rev. Stat. 77-27,195 states:

The Tax Commissioner shall prepare a report identifying the amount of investment in this state and the number of equivalent jobs created by each taxpayer claiming a credit pursuant to the Employment Expansion and Investment Incentive Act. The report shall include the amount of credits claimed in the aggregate. The report shall be issued on or before March 15 of each year beginning with March 15, 1988, for all credits allowed during the previous calendar year.

Legislative Change:

The Employment Expansion and Investment Incentive Act, the Act, was amended by LB 608 during the 2003 legislative session. For tax years beginning on or after January 1, 2004, the provisions of LB 608 must be met in order to earn credits under the Act. No applications were received in 2003 and no benefits were approved.