

Revenue Ruling 29-93-1 Economic Development Tax Incentives

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Economic Development Tax Incentives – Personal Property Tax Exemption. THE TAX UPON PERSONAL PROPERTY THAT HAS BEEN EXEMPTED PURSUANT TO THE EMPLOYMENT AND INVESTMENT GROWTH ACT MAY NOT BE PAID TO THE COUNTY IN WHICH THE PROPERTY WOULD HAVE BEEN SUBJECT TO TAX UNTIL THE TAXPAYER REQUESTS TO AMEND ITS AGREEMENT OR THE PROJECT HAS FALLEN INTO RECAPTURE.

Advice has been requested regarding the ability of a taxpayer, who is receiving a property tax exemption under an agreement to invest \$10 million and employ 100 new employees, to begin making payments of the property taxes that would have been assessed upon the exempted property for the year or years that it was receiving an exemption.

Before a property tax exemption may be considered removed, thereby creating a property tax liability, the taxpayer must have requested an amendment of its agreement, or the project must have fallen into recapture. The county is without authority to accept a payment of tax which would have been assessed upon the property had it not been exempt by the provision of the Employment and Investment Growth Act.

If a taxpayer has requested that its agreement be amended, the Tax Commissioner may not approve the amendment until the property taxes upon the exempted property, together with interest, have been paid. The Tax Commissioner shall, upon receipt of a request to amend, notify the respective counties of said request, and shall require the counties to accept the payment of the property tax, together with interest. Upon proof of payment of the tax and interest and provided other requirements have been met, the Tax Commissioner shall approve the request to amend.

If the project has fallen into recapture, as specified in section 77-4107, R.R.S. 1943, the Tax Commissioner shall notify the respective counties. The counties shall then proceed to notify the taxpayer of the amount of tax and interest due and owing upon the property.

Interest shall be calculated from the date the tax would have been due had the property not been exempt pursuant to section 77-4105(2), R.R.S. 1943, at the rate specified in sections 45-104.01, R.R.S. 1943, as amended by Law 1992, Fourth Spec. Sess., LB 1, sec. 4.

APPROVED: M. Berri Balka
State Tax Commissioner

February 12, 1993
