

NEBRASKA Development News

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NEBRASKA LEGISLATIVE SPECIAL ISSUE



COMPANIES EXPANDING IN NEBRASKA NOW HAVE MORE "ADVANTAGES" TO CHOOSE FROM

The 60-day, second session of the 100th Nebraska Legislature was packed with significant and controversial issues that required a great amount of senators' time and energy. Despite a full docket, the 49 state legislators found time to focus on key bills that positively impact Nebraska's business and tax climate.

The Governor and Legislature faced tough issues, such as the repeal of the death penalty, irrigation water shortages, and a statewide smoking ban. Yet, the Governor also was determined to pursue a more favorable tax climate to enhance economic development efforts. Toward that effort, Senator Ray Janssen introduced LB 895 on the Governor's behalf. The bill, named the Nebraska Super Advantage, expanded the State's already successful Nebraska Advantage Act (2005) to include innovative incentives that encourage companies to create high paying jobs or to invest heavily in the state.

Super Advantage added to impressive portfolio of incentives

Businesses will qualify for the Super Advantage if they invest \$10 million while creating 75 jobs paying either 200% of a county's average wage or 150% of the state's average wage, whichever is greater. Businesses also will qualify if they invest \$100 million capital investment while creating 50 jobs at the thresholds stated above. These wages range from \$50,700 (160% of State's average annual wage) to \$91,972 (200% of Stanton County's average annual wage).

In return for a company's investment and job creation, they would receive a 15% investment credit, 10% wage credit, tangible personal property exemption for 10 years, and a sales tax refund on all capital purchases. In addition, the company may use the credits to offset their real property taxes at the site of the project, as well as apply them to sales and income taxes, and employee withholding. The entitlement period is 10 years for these benefits as opposed to the next highest entitlement period of seven years.



Web portal businesses now eligible for Tiers 2-6 incentives

One activity received special attention in LB 895 as legislators added web-portal businesses as eligible business activities in Tiers 2-6. They also added an exemption of personal property tax on computer systems for the investment only Tier 5. High-tech jobs are important for 21st century success. These changes will put Nebraska on the leading edge to attract companies offering these services.

With all these incentives in addition to a world-class workforce, high quality and low cost living, and central location, Nebraska is primed for success in every aspect of its economy.

mented to expand opportunity for businesses throughout the State. The Nebraska Rural Advantage received more money for 2009, and more businesses will be eligible applicants. Beginning in July of 2009, a qualifying business in any village can apply for Rural Tier 1. Qualifying businesses in any second-class city in the State can apply for Rural Tier 2. Senators also placed language within the Rural Advantage that extends incentives to businesses in Omaha located in "any area consisting of one or more contiguous census tracts, which contain a percentage of persons below the poverty line of greater than 30 percent." This will mean greater competition for incentives in this Tier and growth for more communities throughout the State.

wage, fuel and food prices.

Other bills that made it through a short session include changes to one of the Nebraska Department of Economic Development's grant programs, and changes to the Nebraska Job Training Advantage.



BECA supports communities with workforce challenges

The Building Entrepreneurial Communities Act was revised to include workforce recruitment via LB 609 introduced by Senator Tom Carlson. It will provide for several different activities under BECA to assist communities in Nebraska that are having workforce challenges.



Tax relief on its way to business owners and none too soon

Corporations received some much needed tax relief this session, and not a moment too soon. With a pending national recession, business owners will pay a lower corporate income tax rate for income up to \$100,000. The bill, LB 888, was sponsored by outgoing Senator Carol Burling. The rate will change from 7.81 percent to 5.58 percent for all income up to the expanded threshold. This change will act as an economic stimulus at a time when small businesses are feeling the pinch of the higher minimum



State's smallest companies targeted for job training funds

The Nebraska Job Training Advantage will be more conducive to meeting the needs of small companies af-



Rural Advantage offerings significantly expanded

In addition to the Super Tier within LB 895, other programs were aug-

ter revisions were made through LB 956 and LB 1154. LB 956, introduced by Senator Dianna Schimek, targets the interest made on the Job Training Cash Fund and earmarks those funds for businesses with 25 or fewer employees or companies in rural areas. This bill expands the total funds available for the Department to grant and should provide some much needed help for small businesses in Nebraska.



Job training more accessible for Omaha's high poverty areas

LB 1154 targets areas of Omaha with high concentrations of poverty. The new language found in this bill allows a business to partner with a nonprofit agency and a Learning Community Coordinating Council or school district to provide job training activities to those living in the defined high poverty areas. The grant amount can be as high as \$15,000 if those jobs being created reach certain compensation thresholds.

Both of the changes to the Job Training Advantage will broaden its use and bring development to smaller businesses, rural communities and areas of high need. The program is in it's fourth year and has helped create more than 5,000 jobs.



Lied Main Street Program re-funded through Department

The Department's budget was changed slightly in the mid-biennium. The Appropriations Committee re-funded the Lied Main Street Program at \$100,000. Last year, the Committee removed state funding with the agreement that if the Main Street programs leveraged enough dollars, the State would re-inject money from DED into the Program.



Earmark to promote 2008 Olympic Swim Trials in Omaha

The Department also will assist the Omaha Sports Commission in promoting the upcoming 2008 Olympic Swim Trials in Omaha. The Committee earmarked a one-time \$250,000 appropriation to help promote the event that is expected to draw an estimated 170,000 spectators to watch

the nation's best swimmers compete for a chance to represent the United States in the Olympic Games in Beijing, China.

When the Legislature adjourned in April, the Department was excited and ready to implement changes in the Nebraska Advantage Act and other programs that equally benefit businesses and communities throughout the State.

Here's What You'll Get in Nebraska:

- Highly educated and productive workforce
- Readily available sites and buildings
- Utility costs significantly below national averages
- World class telecommunications infrastructure
- Aggressive local incentives
- First class infrastructure
- Speed to markets
- Foreign Trade Zone
- Fair litigation and regulatory environment
- Low cost of living
- High ranking quality of life
- Short commute times

Also Expect These Additional Tax Savings:

- Sales tax exemption on:
 - Manufacturing equipment
 - Manufacturing or processing raw materials
 - Common carrier vehicles
 - Utilities used in manufacturing
- No intangibles tax
- No inventory tax
- Sales tax refund on pollution control equipment
- 100% depreciation for personal property tax



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The mission of the Nebraska Department of Economic Development is:
to develop economic opportunities by keeping Nebraska businesses, communities and people competitive.

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NEBRASKA DEVELOPMENT NEWS (2008, Special Legislative issue) is a publication of the Nebraska Department of Economic Development, P.O. Box 94666, Lincoln, NE 68509-4666.
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