

Nebraska has a new business tax incentive program! You may qualify if your business is planning to spend a minimum of \$250,000 and add 5 new employees.

The *Imagine Nebraska Act* was signed into law by Governor Pete Ricketts and the Nebraska Legislature as part of Legislative Bill 1107 on August 17, 2020. This new business tax incentive program goes into effect January 1, 2021 and is set to replace the Nebraska Advantage Act, which expires at the end of 2020.

The Imagine Nebraska Act offers taxpayers benefits based on new investment and employment at qualified locations. The program provides a number of economic development project categories that include various levels of investment and employment thresholds.

Summary table provided by the Nebraska Department of Revenue.

	Quality Jobs Investment	Quality Jobs	Mega-Project	Modernization	Growth and Expansion	Manufacturing Growth and Expansion	Rural Manufacturing	Economic Redevelopment Area
Number of Jobs (FTE)	30	20	250	0	10	10	5	5
Investment (\$M)	\$5	None	\$250	\$50	\$1	\$1	\$1	At least \$250,000 but less than \$1 M
Wage Threshold	100% Statewide Average	100% Statewide Average	150% Statewide Average	150% Statewide Average	90% Statewide Average	75% Statewide Average	70% Statewide Average	70% Statewide Average
Wage Credit	5% @ 100% SA; 7% @ 150% SA; 9% @ 200% SA		7% @ 150% SA; 9% @ 200% SA	None	4%	4%	6%	6%
Investment Tax Credit	7%	None	7%	None	4%	4% if \$10M or less; 7% if over \$10M	4% if \$10M or less; 7% if over \$10M	4%
Sales Tax Refund - Exemption	Yes	Yes	Yes	Yes	No	No	No	No
Personal Property Tax Exemption	Data center, business equipment used directly in manufacturing or processing ag products	None	All	Data center, business equipment used directly in manufacturing or processing ag products	None	None	None	None
Location					Any	County population greater than 100,000	County population under 100,000	Economic Redevelopment Area
Business Type					Any	Manufacturing and aircraft repair	Manufacturing and aircraft repair	

The ImagiNE Nebraska Act is significantly different than its predecessor. The Nebraska Advantage Act is set to sunset at the end of 2020, and applications will be accepted until that point. Businesses will have the opportunity to choose which program to apply for from now until the end of 2020. It will be important to understand the differences to determine which program is better suited for a potential project. Outlined below are the key changes to consider.

Differences Under ImagiNE Nebraska Act:

- Additional Incentive Categories
- Applications Approved by Department of Economic Development
- Receive Credits before Audit
- Change in Qualified Business Activities
- Updated Wage Levels
- Part-Time Employees not included in New Employee Calculation
- Must Provide Health Insurance to Employees
- Added Annual Refund Incentive Limit
- New Anti-Discrimination Provision
- New Employees Must be Nebraska Residents
- 2021 Base Year Employment is the greater of 2019 or 2020

If you are interested in learning more or need assistance in determining which program is better for your planned project, please contact our office to speak to one of our professionals.