

Application Guide: Nebraska Advantage Rural Development Act

Application limitations:

- a. Level 1 applications may only be filed for tax years beginning on or after January 1, 2006.
- b. Livestock Modernization projects may only file applications on or after January 1, 2007.

See below for comparison of livestock production and livestock modernization projects.

The application date is the last day on which information necessary to complete the application is filed. The base year from which investment and employment growth is calculated will change when an incomplete application filed near the end of a tax year is not completed until after the start of the following year. The department will contact the applicant within fifteen business days of the receipt of an application if additional information is required (see Revenue Ruling 29-03-1).

EXAMPLE: An application is filed December 13, 2006 that is not complete. The additional information is not provided until January 4, 2007. The applicant's tax year end is December 31, 2006. The increases will be measured against the 2006 levels of employment and investment rather than the 2005 levels because the date of the application was January 4, 2007.

The Nebraska Advantage Rural Development Act requires that an application be filed for each project. The application date for the project will determine the required level of wages and the base year used for employment and investment calculations. The application date will also determine the project's priority for authorization of expected benefits. To file an application for the Nebraska Advantage Act, complete the appropriate Application and provide the required attachments.

Establishment of an Application Date:

A Level 1 or Level 2 applicant should complete the L1L2 Application while a livestock modernization project should complete the LM Application.

Each item on the applicable Application is required to establish an application date. If any of these items are omitted or are incomplete, then the application date will be determined by the date the last of these items is submitted as provided in Revenue Ruling 29-03-1.

The certified mailing receipt stamped by the United States Postal Service or a U.S. Postal Service postmark will serve as the verification of the date mailed, and thus the application date. If an application is mailed other than by certified mail or does not have a USPS postmark, then the date received will serve as the application date.

Items of Note:

1. A project may be defined to include a single entity, more than one entity within the definition of a taxpayer, a single location or multiple locations. A company may have more than one project at a time as long as the projects are distinct from each other.

2. Location of Project:

Livestock Modernization project:

A livestock modernization project may be located in any county in Nebraska.

Level 1 or Level 2 projects, including a livestock production project:

A project may only be located in one county meeting the required population requirements or in a designated Enterprise Zone. Teleworkers performing activities interdependent with the project may reside in any county which meets the population requirements for the selected level.

A project must be located outside of the following counties unless the project is within an Enterprise zone: Adams, Buffalo, Dodge, Douglas, Hall, Lancaster, Lincoln, Madison, Platte, Sarpy, and Scotts Bluff.

An application must be a Level 2 application if the project is located in one of the following counties: Cass, Dakota, Dawson, Gage, Otoe, Saunders, Seward, and Washington.

An application for a project in a county, other than the counties listed previously, may be a Level 1 application.

3. The Application requires the amount of expected investment and employment benefits. The expected benefits requested are the maximum amount of benefits that may be received. The project must attain the minimum levels of investment and employment to be eligible for any benefits. If the project does not attain at least 75% of the expected investment, then all investment credits must be repaid. If the project does not attain at least 75% of the employment growth, then all employment credits must be repaid. Please refer to the [Calculation Tips](#) when figuring the expected benefits.

4. The qualifying wage rate for new employees is \$9.25 for applications filed in calendar year 2007. The qualifying wage rate for applications filed in calendar year 2008 will be available around November 1, 2007.

5. Qualifying Business activity:

The explanation of the qualifying business should include enough information to provide a reasonable person a general understanding of the business operations and should identify the specific type of business activity under which the project qualifies.

Comparison of Livestock Production and Livestock Modernization.

Livestock Production and Livestock Modernization are similar business activities but have different project requirements.

A Livestock Production project may be applied for as of July 14, 2006. Livestock Production involves the operation of real and personal property for the production of livestock useful to man, including breeding and grazing livestock. The project must meet the Level 1 or Level 2 requirements for investment and employment growth at a location in one county meeting the population requirement. Investment may include any improvements to real property and tangible personal property that are depreciable under the Internal Revenue Code except for vehicles, planes, or railroad rolling stock.

A Livestock Modernization project application may be filed on or after January 1, 2007. Livestock modernization is defined as the construction, improvement or acquisition of depreciable buildings, facilities or equipment for livestock housing, confinement, feeding, production and waste management. The project must have a net investment increase of at least \$50,000. There is no employment

increase required. Equipment does not include breeding stock, motor vehicles, planes, or railroad rolling stock.

6. The application needs to be signed by an authorized person (Owner, Partner, Corporate Officer).

7. The federal income tax return provided should be a signed copy and should, at a minimum, include copies of the first four pages, consolidating schedules supporting the first four pages, Affiliations Schedule (Form 851), and a copy of each Shareholder's Share of Income, Credits, Deductions, etc. (Schedule K-1).

If the applicant is a sole proprietorship, provide a copy of the individual income tax return including a Profit or Loss from Business, Schedule C, or the Profit or Loss from Farming, Schedule F.

8. The date of a completed application will be used to determine the priority for the authorization of the project's expected benefits. There is a total of \$3,000,000 available for the State of Nebraska's fiscal year ending June 30. The application's authorized benefits will be applied against the fiscal year including the expected end of the application year.

If the project's expected benefits are not authorized because the limit has been previously authorized for other applicants, then the project is not eligible to participate and \$400 of the application fee will be refunded. [Refer to the Authorization Table](#) for information on the remaining funds available. This table will be updated on the first business day after the 15th day and the last day of each month.

If more than one complete application is filed or completed on the day in which the cumulative expected benefits for the fiscal year reach the limit in available funds, the remaining funds available will be prorated among the applicants on that day who wish to proceed.

Should you have any questions regarding the preparation of this application, please contact Mary Hugo at (402) 471-5790. The application should be sent to the following address:

Mary Hugo
Nebraska Department of Revenue
301 Centennial Mall South
PO Box 94818
Lincoln, NE 68509-4818

Web site with full and updated information is located at
<http://www.revenue.ne.gov/incentiv/rural/608expand.htm>