

# Nebraska Advantage Microenterprise Tax Credit Act

The Nebraska Advantage Microenterprise Tax Credit Act is administered by the Department of Revenue. The purpose of the program is to provide investment tax credits (equal to 20% of the new investment, with a \$10,000 lifetime limit) to applicants for creating or expanding micro businesses that contribute to the revitalization of economically depressed areas through the creation of new or improved income, self-employment, or other new employment in the area.



**Micro businesses:** any business employing five or fewer employees at the time of the application except for farm or livestock operations, unless the applicant has a family net worth of not more than \$200,000 or the investment or employment is in the processing or marketing of agricultural products, aquaculture, agricultural tourism, or the production of fruits, herbs, tree products, vegetables, tree nuts, dried fruits, organic crops, or nursery crops.

**New Investment:** increase during the tax year in the applicant's purchase/lease of buildings and depreciable personal property and/or the creation of new jobs or expenditures on advertising, legal or professional services, and non-vehicle repairs and maintenance. Those receiving benefits under the Employment and Investment Growth Act, the Employment Expansion and Investment Incentive Act, or Nebraska Advantage Act are ineligible.

**New Employment:** the amount by which the total compensation plus the employer cost for health insurance for employees paid during the tax year to or for employees who are Nebraska residents increased from the prior tax year. New employment does not include: compensation to any employee that is in excess of 150% of Nebraska average weekly wage paid by all employers as reported by the Department of Labor.

**Distressed Area:** a municipality, county, unincorporated area within a county, or census tract that has (a) an unemployment rate which exceeds the statewide average unemployment rate, (b) a per capita income below the statewide average per capita income, or (c) had a population decrease between the two most recent federal decennial censuses, a designated federal enterprise zone, or a census tract that based on the most recent federal decennial census date available has less than 80% of the statewide per capita income.

**Application:** a description of the business; projected income and expenditures; the market to be served by the business and the way the expansion addresses the market; the amount of projected investment increase that would generate the credit; the projected improvement in income or creation of new self-employment or other jobs in the distressed area; the nature of the applicant's engagement in the operation of the micro business (must be able to show personal involvement on a continuous basis in the daily management and operation of the business) or who will establish a micro business that they will actively operate in a distressed area. Once approved, applicants will be entitled to a refundable investment tax credit equal to 20% of the taxpayer's new investment in the micro business during the tax year. The Department will authorize tentative investment tax credits to the applicant. Applications will be considered on a first come first served basis. This program will expire on January 1, 2011, and is limited to \$2 million annually.

Visit the Department of Revenue's website, [http://www.revenue.state.ne.us/incentiv/microent/micro\\_loc.htm](http://www.revenue.state.ne.us/incentiv/microent/micro_loc.htm), to see if your business qualifies.