

AMENDMENTS TO LB 177

Introduced by Revenue

1 1. Strike the original sections and insert the following
2 new sections:

3 Section 1. Section 77-5903, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 77-5903 For purposes of the Nebraska Advantage
6 Microenterprise Tax Credit Act:

7 (1) Actively engaged in the operation of a microbusiness
8 means personal involvement on a continuous basis in the daily
9 management and operation of the business;

10 (2) Distressed area means a municipality, county,
11 unincorporated area within a county, or census tract in Nebraska
12 that has (a) an unemployment rate which exceeds the statewide
13 average unemployment rate, (b) a per capita income below the
14 statewide average per capita income, or (c) had a population
15 decrease between the two most recent federal decennial censuses;

16 (3) Equivalent employees means the number of employees
17 computed by dividing the total hours paid in a year by the product
18 of forty times the number of weeks in a year;

19 (4) Microbusiness means any business employing five or
20 fewer equivalent employees. Microbusiness does not include a farm
21 or livestock operation unless (a) the person actively engaged in
22 the operation of the microbusiness has a net worth of not more than
23 two hundred thousand dollars, including any holdings by a spouse

1 or dependent, based on fair market value, or (b) the investment
2 or employment is in the processing or marketing of agricultural
3 products, aquaculture, agricultural tourism, or the production of
4 fruits, herbs, tree products, vegetables, tree nuts, dried fruits,
5 organic crops, or nursery crops;

6 (5) New employment means the amount by which the total
7 compensation plus the employer cost for health insurance for
8 employees paid during the tax year to or for employees who
9 are Nebraska residents exceeds the total compensation paid plus
10 the employer cost for health insurance for employees to or for
11 employees who are Nebraska residents in the tax year prior to
12 application. New employment does not include compensation to any
13 employee that is in excess of one hundred fifty percent of the
14 Nebraska average weekly wage. Nebraska average weekly wage means
15 the most recent average weekly wage paid by all employers as
16 reported by October 1 by the Department of Labor;

17 (6) New investment means the increase during the tax year
18 over the year prior to the application in the applicant's (a)
19 purchases of buildings and depreciable personal property located
20 in Nebraska, (b) and expenditures on repairs and maintenance on
21 property located in Nebraska, ~~not including~~ neither subdivision
22 (a) or (b) of this subdivision to include vehicles required to be
23 registered for operation on the roads and highways of this state,
24 ~~during the tax year.~~ and (c) expenditures on advertising, legal,
25 and professional services. If the buildings or depreciable personal
26 property is leased, the amount of new investment shall be the
27 increase in average net annual rents multiplied by the number of

1 years of the lease for which the taxpayer is bound, not to exceed
2 ten years;

3 (7) Related persons means (a) any corporation,
4 partnership, limited liability corporation, cooperative, including
5 cooperatives exempt under section 521 of the Internal Revenue Code
6 of 1986, as amended, or joint venture which is or would otherwise
7 be a member of the same unitary group, if incorporated, or any
8 person who is considered to be a related person under either
9 section 267(b) and (c) or section 707(b) of the Internal Revenue
10 Code of 1986, as amended, and (b) any individual who is a spouse,
11 parent if the taxpayer is a minor, or minor son or daughter of
12 the taxpayer; and

13 (8) Taxpayer means any person subject to the income tax
14 imposed by the Nebraska Revenue Act of 1967, any corporation,
15 partnership, limited liability company, cooperative, including a
16 cooperative exempt under section 521 of the Internal Revenue Code
17 of 1986, as amended, or joint venture that is or would otherwise
18 be a member of the same unitary group, if incorporated, which is,
19 or whose partners, members, or owners representing an ownership
20 interest of at least ninety percent of such entity are, subject
21 to such tax, and any other partnership, limited liability company,
22 subchapter S corporation, cooperative, including a cooperative
23 exempt under section 521 of the Internal Revenue Code of 1986,
24 as amended, or joint venture when the partners, shareholders,
25 or members representing an ownership interest of at least ninety
26 percent of such entity are subject to such tax.

27 Sec. 2. Original section 77-5903, Revised Statutes

1 Cumulative Supplement, 2006, is repealed.

2 Sec. 3. This act shall be operative for all applications

3 for benefits received on or after the effective date of this act.