

E AND R AMENDMENTS TO LB 177

Introduced by Enrollment and Review Committee: McGill, 26,
Chairperson

1 1. Strike the original sections and all amendments
2 thereto and insert the following 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
20 or fewer equivalent employees at the time of application.
21 Microbusiness does not include a farm or livestock operation
22 unless (a) the person actively engaged in the operation of the
23 microbusiness has a net worth of not more than two hundred thousand

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

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

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

1 increase in average net annual rents multiplied by the number of
2 years of the lease for which the taxpayer is bound, not to exceed
3 ten years;

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

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

1 The changes made to this section by this legislative bill
2 shall be operative for all applications for benefits received on or
3 after the effective date of this act.

4 Sec. 2. Original section 77-5903, Revised Statutes
5 Cumulative Supplement, 2006, is repealed.

6 2. On page 1, lines 1 and 6, strike "sections" and insert
7 "section"; and in line 2 strike "77-5905, and 77-5906,".