



**Hundredth Legislature - First Session - 2007  
Committee Statement  
LB 177**

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**Hearing Date:** January 18, 2007  
**Committee On:** Revenue

**Introducer(s):** (Janssen)  
**Title:** Change the Nebraska Advantage Microenterprise Tax Credit Act

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**Roll Call Vote – Final Committee Action:**

- Advanced to General File
  - X Advanced to General File with Amendments
  - Indefinitely Postponed
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**Vote Results:**

6	Yes	Senators Burling, Dierks, Janssen, Langemeier, Preister and Raikes
0	No	
0	Present, not voting	
2	Absent	Senators Cornett and White

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**Proponents:**  
Senator Ray Janssen  
Chuck Hassebrook  
Jeff Christensen

**Representing:**  
Introducer  
Center for Rural Affairs  
Northeast Nebraska Economic Development District

**Opponents:**  
Jay Rempe

**Representing:**  
Nebraska Farm Bureau Federation

**Neutral:**  
None

**Representing:**

**Summary of purpose and/or changes:**

LB 177 would amend sections 77-5903, 5905, & 5906 to make five changes to the Nebraska Advantage Microenterprise Tax Credit Act. These changes both limit availability of the credit in some circumstances and expand the availability in others.

First, the definition of “microbusiness” would be changed to include a farm or livestock operation only if the farmer or livestock producer also qualifies as a beginning farmer under the Beginning Farmer Tax Credit Act. Second, the definition of investment would be expanded to include inventory purchases, advertising, travel, supplies, and professional services. Third, the

\$2 million annual cap on credits for all claimants would be removed. Fourth, increased employment which would otherwise qualify for the credit will not qualify for any compensation that is in excess of 150 percent of the median earnings in Nebraska. Finally, increased employment would include health insurance. These changes are to become operative January 1, 2008.

**Explanation of amendments, if any:**

The Committee amendments rewrite the bill and limit it to only one section, section 77-5903, the definitions under the Nebraska Advantage Microenterprise Tax Credit Act. As amended by the Committee, LB 177 would:

1. Restrict the definition of “microenterprise” to include farmers or ranchers only if the operator has a net worth of not more than \$200,000 or the farmer or rancher is involved in the processing or marketing of agricultural products or alternative crop production.
2. Include the employer’s cost of health insurance as compensation for purposes of employment increases qualifying for benefits.
3. Exclude from compensation any amounts paid to an employee that is in excess of 150 percent of the state average weekly wage, and
4. Include increased expenditures for advertising, legal, and professional services as investment for purposes of qualifying for benefits.

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**Senator Ray Janssen, Chairperson**