

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIRST LEGISLATURE  
SECOND SESSION  
**LEGISLATIVE BILL 1081**

Introduced by Cornett, 45.

Read first time January 21, 2010

Committee: Revenue

A BILL

1 FOR AN ACT relating to economic development; to amend sections  
2 77-27,188, 81-1203, and 81-1204, Reissue Revised Statutes  
3 of Nebraska; to provide a tax credit and authorize  
4 job training grants for teleworkers; and to repeal the  
5 original sections.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-27,188, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           77-27,188 (1) A refundable credit against the taxes  
4 imposed by the Nebraska Revenue Act of 1967 shall be allowed to any  
5 taxpayer who has an approved application pursuant to the Nebraska  
6 Advantage Rural Development Act, who is engaged in a qualifying  
7 business as described in section 77-27,189, and who after January  
8 1, 2006:

9           (a) (i) Increases employment by two new equivalent  
10 employees and makes an increased investment of at least one hundred  
11 twenty-five thousand dollars prior to the end of the first taxable  
12 year after the year in which the application was submitted in  
13 (A) any county in this state with a population of fewer than  
14 fifteen thousand inhabitants, according to the most recent federal  
15 decennial census, (B) any village in this state, or (C) any area  
16 within the corporate limits of a city of the metropolitan class  
17 consisting of one or more contiguous census tracts, as determined  
18 by the most recent federal decennial census, which contain a  
19 percentage of persons below the poverty line of greater than thirty  
20 percent, and all census tracts contiguous to such tract or tracts;  
21 or

22           (ii) Increases employment by five new equivalent  
23 employees and makes an increased investment of at least two hundred  
24 fifty thousand dollars prior to the end of the first taxable year  
25 after the year in which the application was submitted in any county

1 in this state with a population of less than twenty-five thousand  
2 inhabitants, according to the most recent federal decennial census,  
3 or any city of the second class; and

4 (b) Pays a minimum qualifying wage of eight dollars and  
5 twenty-five cents per hour to the new equivalent employees for  
6 which tax credits are sought under the Nebraska Advantage Rural  
7 Development Act. The Department of Revenue shall adjust the minimum  
8 qualifying wages required for applications filed after January 1,  
9 2004, and each January 1 thereafter, as follows: The current rural  
10 Nebraska average weekly wage shall be divided by the rural Nebraska  
11 average weekly wage for 2003; and the result shall be multiplied by  
12 the eight dollars and twenty-five cents minimum qualifying wage for  
13 2003 and rounded to the nearest one cent. The amount of increase  
14 or decrease in the minimum qualifying wages for any year shall  
15 be the cumulative change in the rural Nebraska average weekly  
16 wage since 2003. For purposes of this subsection, rural Nebraska  
17 average weekly wage means the most recent average weekly wage paid  
18 by all employers in all counties with a population of less than  
19 twenty-five thousand inhabitants as reported by October 1 by the  
20 Department of Labor.

21 For purposes of this section, a teleworker working in  
22 Nebraska from his or her residence for a taxpayer shall be  
23 considered an employee of the taxpayer, and property of the  
24 taxpayer provided to the teleworker working in Nebraska from his  
25 or her residence shall be considered an investment. Teleworker

1 includes an individual working on a per-item basis and an  
2 independent contractor working for the taxpayer so long as the  
3 taxpayer withholds Nebraska income tax from wages or other payments  
4 made to such teleworker. For purposes of calculating the number  
5 of new equivalent employees when the teleworkers are paid on a  
6 per-item basis or are independent contractors, the total wages or  
7 payments made to all such new employees during the year shall be  
8 divided by the qualifying wage as determined in subdivision (b) of  
9 this subsection, with the result divided by two thousand eighty  
10 hours.

11 (2) A refundable credit against the taxes imposed by the  
12 Nebraska Revenue Act of 1967 shall be allowed to any taxpayer who  
13 (a) has an approved application pursuant to the Nebraska Advantage  
14 Rural Development Act, (b) is engaged in livestock production, and  
15 (c) after January 1, 2007, invests at least fifty thousand dollars  
16 for livestock modernization or expansion.

17 (3) The amount of the credit allowed under subsection  
18 (1) of this section shall be three thousand dollars for each new  
19 equivalent employee and two thousand seven hundred fifty dollars  
20 for each fifty thousand dollars of increased investment. The amount  
21 of the credit allowed under subsection (2) of this section shall  
22 be ten percent of the investment, not to exceed a credit of  
23 thirty thousand dollars. For each application, a taxpayer engaged  
24 in livestock production may qualify for a credit under either  
25 subsection (1) or (2) of this section, but cannot qualify for more

1 than one credit per application.

2 (4) A refundable credit against the taxes imposed by the  
3 Nebraska Revenue Act of 1967 shall be allowed to any taxpayer  
4 who has an approved application pursuant to the Nebraska Advantage  
5 Rural Development Act and who is engaged in a qualifying business  
6 as described in section 77-27,189 and employs teleworkers on  
7 a full-time or part-time basis in the teleworkers' residences  
8 in any county in this state with a population of fewer than  
9 twenty-five thousand inhabitants, according to the most recent  
10 federal decennial census. The credit allowed under this subsection  
11 shall not exceed xxx thousand dollars for each teleworker. The  
12 total credits allowed all taxpayers under this subsection in a  
13 fiscal year shall be one million dollars.

14 ~~(4)~~ (5) An employee of a qualified employee leasing  
15 company shall be considered to be an employee of the client-lessee  
16 for purposes of this section if the employee performs services for  
17 the client-lessee. A qualified employee leasing company shall  
18 provide the Department of Revenue access to the records of  
19 employees leased to the client-lessee.

20 ~~(5)~~ (6) ~~The credit~~ credits allowed a taxpayer under this  
21 section shall not exceed the amounts set out in the application and  
22 approved by the Tax Commissioner.

23 ~~(6)(a)~~ (7) (a) If a taxpayer who receives tax credits  
24 creates fewer jobs or less investment than required in the project  
25 agreement, the taxpayer shall repay the tax credits as provided in

1 this subsection.

2 (b) If less than seventy-five percent of the required  
3 jobs in the project agreement are created, one hundred percent  
4 of the job creation tax credits shall be repaid. If seventy-five  
5 percent or more of the required jobs in the project agreement are  
6 created, no repayment of the job creation tax credits is necessary.

7 (c) If less than seventy-five percent of the required  
8 investment in the project agreement is created, one hundred percent  
9 of the investment tax credits shall be repaid. If seventy-five  
10 percent or more of the required investment in the project  
11 agreement is created, no repayment of the investment tax credits is  
12 necessary.

13 ~~(7)~~ (8) For taxpayers who submitted applications for  
14 benefits under the Nebraska Advantage Rural Development Act before  
15 January 1, 2006, subsection (1) of this section, as such subsection  
16 existed immediately prior to such date, shall continue to apply to  
17 such taxpayers. The changes made by Laws 2005, LB 312, shall not  
18 preclude a taxpayer from receiving the tax incentives earned prior  
19 to January 1, 2006.

20 Sec. 2. Section 81-1203, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22 81-1203 (1) A business applying for a job training  
23 grant shall submit a business plan to the Department of Economic  
24 Development which includes, but is not limited to:

25 (a) The number of jobs to be created or the number of

1 existing positions that will be retrained;

2 (b) The nature of the business and the type of jobs to be  
3 created or positions to be retrained;

4 (c) The estimated wage levels of the jobs to be created  
5 or positions to be retrained; and

6 (d) A program schedule for the job training project.

7 (2) A business applying for a job training grant must  
8 demonstrate that the job training project to be conducted pursuant  
9 to the grant meets the following criteria:

10 (a) The wage level of the jobs created will meet the  
11 local prevailing average;

12 (b) The jobs created will diversify the local economy;

13 (c) The goods or services produced by the company will be  
14 export-oriented;

15 (d) Seventy-five percent of the jobs created will be  
16 full-time jobs; and

17 (e) The new jobs will be created within three calendar  
18 years.

19 (3) A business applying for a job training grant  
20 may partner with a learning community coordinating council or  
21 school district and at least one private, nonprofit organization  
22 whose purpose is providing basic job and life skills training  
23 to individuals in high-poverty areas. Such projects shall be  
24 focused on job training and job creation for persons residing in  
25 high-poverty areas within the boundaries of the partnering learning

1 community or school district. The application shall specify the  
2 role of the partnering coordinating council or school district and  
3 the private, nonprofit organization in identifying and training  
4 potential job applicants for the applicant business. For purposes  
5 of this subsection: (a) High-poverty area means an area consisting  
6 of one or more contiguous census tracts, as determined by the  
7 most recent federal decennial census, which contain a percentage of  
8 persons with incomes below the poverty line of greater than thirty  
9 percent, and all census tracts contiguous to such tract or tracts,  
10 as determined by the most recent federal decennial census; and (b)  
11 private, nonprofit organization means an organization whose purpose  
12 is providing basic job and life skills training to individuals in  
13 need of such training.

14 (4) A business engaged in a qualifying business as  
15 described in section 77-27,189 employing teleworkers on a full-time  
16 or part-time basis in the teleworkers' residences in any county in  
17 this state with a population of fewer than twenty-five thousand  
18 inhabitants, according to the most recent federal decennial census,  
19 shall be eligible for a job training grant under this subsection  
20 not to exceed xxx thousand dollars for each such teleworker. The  
21 total grants made under this subsection in a fiscal year shall be  
22 five hundred thousand dollars.

23 Sec. 3. Section 81-1204, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25 81-1204 Except as otherwise provided in this section



1 and subsection (4) of section 81-1203, the Department of Economic  
2 Development shall not approve a job training grant which exceeds an  
3 average expenditure of five thousand dollars per job created if the  
4 proposed wage levels do not exceed thirty thousand dollars per year  
5 or which exceeds an average expenditure of ten thousand dollars per  
6 job if the proposed wage levels exceed thirty thousand dollars per  
7 year.

8           The Department of Economic Development may approve a job  
9 training grant up to ten thousand dollars per job created if the  
10 proposed wage levels do not exceed thirty thousand dollars per  
11 year or a job training grant up to fifteen thousand dollars per  
12 job if the proposed wage levels exceed thirty thousand dollars per  
13 year, if the application is approved with provisions described in  
14 subsection (3) of section 81-1203.

15           Sec. 4. Original sections 77-27,188, 81-1203, and  
16 81-1204, Reissue Revised Statutes of Nebraska, are repealed.