

**WAGE AND INVESTMENT LEVELS FOR 2012
NEBRASKA ADVANTAGE TAX INCENTIVE APPLICATIONS**

ISSUE.

What are the required wage and investment levels for Nebraska Advantage tax incentive applications filed on or after January 1, 2012?

CONCLUSION.

On or after January 1, 2012, an applicant must meet the following wage and investment requirements to qualify for benefits under the Nebraska Advantage Act:

- **Tier 1** applicants must meet an investment requirement of at least \$1 million, and an average annual wage requirement of at least \$22,394 for at least 10 new employees;
 - **Tier 2** applicants must meet an investment requirement of at least \$3 million, and an average annual wage requirement of at least \$22,394 for at least 30 new employees;
 - **Tier 3** applicants must meet an average annual wage requirement of at least \$22,394 for at least 30 new employees;
 - **Tier 4** applicants must meet an investment requirement of at least \$12 million, and an average annual wage requirement of at least \$22,394 for at least 100 new employees;
 - **Tier 5** applicants must meet an investment requirement of at least \$36 million; and
 - **Tier 6** applicants must meet an investment requirement of at least \$10 million and an employment requirement of at least 75 new employees, or an investment requirement of at least \$106 million and an employment requirement of at least 50 new employees. **Tier 6** applicants must also meet an average annual wage requirement of at least \$55,986.
- Note:** Wage requirements may vary based upon the county where the project is located.

ANALYSIS.

The Nebraska Advantage Act requires investment thresholds to be indexed on October 1 of each year and apply to all applications filed on or after January 1 of the following year. See [Neb. Rev. Stat. § 77-5725\(9\)](#). The index is calculated as the result of the 12 most recent [Producer Price Indexes \(PPI\)](#) (published monthly by the United States Department of Labor, Bureau of Labor Statistics), divided by the PPI for the first quarter of 2006 for **Tier 1**, **Tier 2**, **Tier 4**, and **Tier 5** applicants, or the first quarter of 2008 for **Tier 6** applicants, multiplied by the applicable investment threshold for each respective tier. See [Neb. Rev. Stat. § 77-5725\(1\)](#). The result is rounded to the next lowest \$1 million. Adjustments do not apply to projects after the year of application.

Under the Nebraska Advantage Act, **Tier 1**, **Tier 2**, **Tier 3**, and **Tier 4** applicants may be entitled to a credit of 3% to 6% of the average wage paid to new employees, if the wage equals at least 60% of the Nebraska average annual wage for the year of application. **Tier 6** applicants may be entitled to a credit of 10% of the average wage paid to all employees employed at the project

(excluding base-year employees) if the wage exceeds the greater of 200% of the county average weekly wage, or 150% of the state average weekly wage for the year of application. Wages are defined as compensation subject to the federal Medicare tax. Also, the wage credit is not available for compensation in excess of \$1 million paid in a year to any employee for a project in any tier. See [Neb. Rev. Stat. § 77-5725\(3\) and \(4\)](#).

Wage levels for the Nebraska Advantage Rural Development Act are set by [Neb. Rev. Stat. § 77-27,188\(1\)\(b\)](#), based on the growth in the rural Nebraska average wage. The wage limit for the Nebraska Advantage Microenterprise Tax Credit Act is established in [Neb. Rev. Stat. § 77-5903](#) at 150% of the Nebraska average weekly wage.

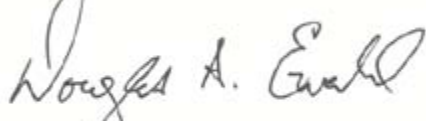
NEBRASKA ADVANTAGE ACT		
Tier	2011 Required Investment	2012 Required Investment
Tier 1	\$ 1 million	\$ 1 million
Tier 2	\$ 3 million	\$ 3 million
Tier 4	\$11 million	\$12 million
Tier 5	\$33 million	\$36 million
Tier 6	\$10 million or \$100 million	\$10 million or \$106 million
Compensation Credit	2011 Required Wage Level	2012 Required Wage Level
3%	\$21,986	\$22,394
4%	\$27,483	\$27,993
5%	\$36,644	\$37,324
6%	\$45,805	\$46,655
10%	\$54,966*	\$55,986

***Tier 6** only, state-wide average. Wage levels for each county are [available here](#).

NEBRASKA ADVANTAGE RURAL DEVELOPMENT ACT	
2011 Required Wage Level	2012 Required Wage Level
\$10.86 per hour	\$11.13 per hour

NEBRASKA ADVANTAGE MICROENTERPRISE TAX CREDIT ACT	
2011 Maximum Wage Paid	2012 Maximum Wage Paid
\$1,058 per week	\$1,077 per week

APPROVED:



Douglas A. Ewald
Tax Commissioner
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