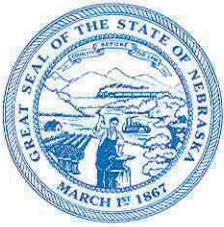

Nebraska Tax Incentives



Annual Report
to the
Nebraska Legislature

July 15, 2008

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Dave Heineman
Governor

STATE OF NEBRASKA

DEPARTMENT OF REVENUE
Douglas A. Ewald, Tax Commissioner
Catherine D. Lang, Deputy Tax Commissioner
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July 15, 2008

Senator Mike Flood
Speaker of the Legislature
2103 State Capitol
Lincoln, NE 68509

Dear Speaker Flood:

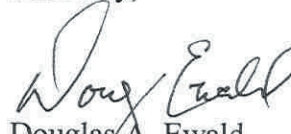
We are submitting the 2007 annual report on the following programs:

- Nebraska Advantage Act
- Nebraska Advantage Rural Development Act
- Nebraska Advantage Microenterprise Tax Credit Act
- Nebraska Advantage Research and Development Act
- Employment and Investment Growth Act
- Employment Expansion and Investment Incentive Act
- Quality Jobs Act
- Invest Nebraska Act

A copy of this report has been delivered to all members of the Unicameral. The annual reports issued since 1997 can be found on the Department of Revenue website at www.revenue.ne.gov. Archived copies of years older than 1997 may be requested from the Department.

If you have any questions, please contact Mary Hugo at (402) 471-5790.

Sincerely,


Douglas A. Ewald
Tax Commissioner

Enclosure

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Nebraska Advantage Act Reporting Requirements



Neb Rev. Stat. 77-5731 states:

- (1) The Tax Commissioner shall submit an annual report to the Legislature no later than July 15 of each year.
- (2) The report shall list (a) the agreements which have been signed during the previous calendar year, (b) the agreements which are still in effect, (c) the identity of each taxpayer who is party to an agreement, and (d) the location of each project.
- (3) The report shall also state, for taxpayers who are parties to agreements, by industry group (a) the specific incentive options applied for under the Nebraska Advantage Act, (b) the refunds allowed on the investment, (c) the credits earned, (d) the credits used to reduce the corporate income tax and the credits used to reduce the individual income tax, (e) the credits used to obtain sales and use tax refunds, (f) the credits used against withholding liability, (g) the number of jobs created under the act, (h) the total number of employees employed in the state on the last day of the calendar quarter prior to the application date and the total number of employees employed in the state on subsequent reporting dates, (i) the expansion of capital investment, (j) the estimated wage levels of jobs created under the act subsequent to the application date, (k) the total number of qualified applicants, (l) the projected future state revenue gains and losses, (m) the sales tax refunds owed, (n) the credits outstanding under the act, and (o) the value of personal property exempted by class in each county under the act.
- (4) In estimating the projected future state revenue gains and losses, the report shall detail the methodology utilized, state the economic multipliers and industry multipliers used to determine the amount of economic growth and positive tax revenue, describe the analysis used to determine the percentage of new jobs attributable to the Nebraska Advantage Act assumption, and identify limitations that are inherent in the analysis method.
- (5) The report shall provide an explanation of the audit and review processes of the Department of Revenue in approving and rejecting applications or the grant of incentives and in enforcing incentive recapture. The report shall also specify the median period of time between the date of application and the date the agreement is executed for all agreements executed by December 31 of the prior year.
- (6) The report shall provide information on project-specific total incentives used every two years for each approved project. The report shall disclose (a) the identity of the taxpayer, (b) the location of the project, and (c) the total credits used and refunds approved during the immediately preceding two years expressed as a single, aggregated total. The incentive information required to be reported under this subsection shall not be reported for the first year the taxpayer attains the required employment and investment thresholds. The information on first-year incentives used shall be combined with and reported as part of the second year. Thereafter, the information on incentives used for succeeding years shall be reported for each project every two years containing information on two years of credits used and refunds approved. The incentives used shall include incentives which have been approved by the department, but not necessarily received, during the previous two calendar years.
- (7) The report shall include an executive summary which shows aggregate information for all projects for which the information on incentives used in subsection (6) of this section is reported as follows: (a) The total incentives used by all taxpayers for projects detailed in subsection (6) of this section during the previous two years; (b) the number of projects; (c) the total number of employees of these taxpayers employed in the state on the last day of the calendar quarter prior to the application date, the new jobs at the project for which credits have been granted, and the total number of employees employed in the state by these taxpayers on subsequent reporting dates; (d) the average compensation paid employees in the state in the year of application and for the new jobs at the project; and (e) the total investment for which incentives were granted. The executive summary shall summarize the number of states which grant investment tax credits, job tax credits, sales and use tax refunds for qualified investment, and personal property tax exemptions and the investment and employment requirements under which they may be granted.
- (8) No information shall be provided in the report that is protected by state or federal confidentiality laws.

Nebraska Advantage Act

The Department of Revenue began accepting Nebraska Advantage Act project applications on January 1, 2006. A taxpayer involved in a qualifying business activity may file an application which summarizes a plan of expansion consistent with the investment and/or employment requirements of one of the five available tiers. A new employee must earn at least 60% of the Nebraska average annual wage to count toward the full-time equivalent calculation. The benefits earned under the Nebraska Advantage Act depend on the amount of expansion and varies by tier. The minimum investment and employment growth, as well as, the benefits by tier are summarized as follows:

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Minimum Investment Growth	\$1,000,000	\$3,000,000	n/a	\$10,000,000	\$30,000,000
Minimum Employment Growth	10 FTE	30 FTE	30 FTE	100 FTE	Maintenance
Direct Refund	50%	100%	n/a	100%	100%
Investment Credit	3%	10%	n/a	10%	n/a
Compensation Credit	3% to 6%	3% to 6%	3% to 6%	3% to 6%	n/a
Property tax exemption	n/a	n/a	n/a	Yes	n/a

Direct Refunds: Refunds of properly paid Nebraska and local option sales and use taxes paid on purchases of qualified property for use at the project, or on aircraft for use in connection with the project, which are placed in service at the project during the attainment and entitlement period.

Investment Credit: A credit equal to three percent (Tier 1) or ten percent (Tier 2 and 4) of the investment made in qualified property at the project during the attainment or entitlement periods.

Compensation Credit: A credit, each year of the entitlement period, equal to three to six percent times the average annual wage of the new employees earning the required wage times the number of new full-time equivalent employees.

Property tax exemption: Turbine powered aircraft, acquired after the date of application, may be exempted from the first January 1 following the date of acquisition of the property through the ninth year after the project attains the minimum required investment level of \$10 million in new investment and a 100 new, full-time equivalent employees. Mainframe business computers and specific peripherals that require environmental controls of temperature and power; business equipment involved directly in the processing of agricultural products; and distribution facility equipment used to store and move product may be exempted from the first January 1 following the end of the year during which the required levels were exceeded and the next nine years.

Credit Usage: The investment and compensation credits may be used against the unitary income tax liability of the applicant from the year of qualification through the end of the project and for refunds of otherwise non-refundable sales and use taxes paid on purchases at the project from the beginning of the year after qualification through the end of the project. The compensation credit may be used against the portion of the Nebraska payroll withholding attributable to the new employees from the year after qualification through the end of the project.

Audit and Review Procedures

A taxpayer submits an application with supporting documents, including an application fee, to the Department of Revenue. Each application is reviewed for assurance that the applicant is an eligible taxpayer and the plan relates to a qualifying business activity at interdependent locations. During the period covered by this report, there were 86 agreements signed. Other applications were being reviewed or were in various stages of correspondence with taxpayers for additional information or clarification of their application.

Comparison to Incentive Programs Available in Other States

There are many approaches among states for granting tax incentives for businesses. The table on the following page summarizes tax incentives in states that somewhat follow the Nebraska model of granting tax incentives. For example, qualification for incentives is not dependent upon the location of a project in an enterprise or other limited geography. Thus, states that offer jobs or investment credits, to businesses, but only to those who locate in a limited geography, are not counted. States that offer incentives but have different qualification levels depending upon geography are counted provided that a project could qualify, at some level, in every part of the state.

States may also limit qualification for incentives to targeted industries. Nebraska does this, and the table counts those states where incentives are limited only to targeted activities. Finally, Nebraska refunds the sales and use tax on qualified investments, but some states refund only a portion of the tax. These states are counted as having a refund. Some states have broader Sales and Use tax exemptions than Nebraska, but do not provide a refund of any taxes paid. Exemptions are outside the scope of this report, and states are not counted that do not provide at least a partial refund of sales and use taxes paid on qualified investment.

Comparison to Incentive Programs Available in Other States:

State	Job Credit	Investment Credit Qualified Investment	Sales/Use Tax Refund on Tax Abatement	Personal Property	Threshold Job Credit	Threshold Investment Credit
	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Number of Jobs)	(Dollars)
Alabama	Yes	Yes	Yes	Yes	5,15,20	\$0.5, \$1, \$2M
Alaska	No	No	No	Yes	N/A	N/A
Arizona	No	No	Yes	Yes	N/A	N/A
Arkansas	Yes	Yes	Yes	Yes	Based on payroll of the new employees hired.	\$5M
California	No	No	Yes	Yes		N/A
Colorado	Yes	Yes	No	Yes	5,10	Sec 46(c) IRC
Connecticut	Yes	No	No	Yes	50	N/A
Delaware	Yes	Yes	No	No	5	\$200,000
Florida	Yes	Yes	No	No	100 new	\$25, \$50, \$75, \$100M
Georgia	Yes	Yes	No	Yes	5,10,15,25	\$50,000
Hawaii	No	Yes	Yes	No	N/A	Investment in qualified business
Idaho	Yes	Yes	Yes	Yes	10	\$0.5M
Illinois	Yes	Yes	No	No	\$5M/25 jobs, if <100 emp. \$1, 5 jobs	25 jobs \$5M
Indiana	Yes	Yes	Yes	Yes	Positive benefit analysis	Positive benefit analysis
Iowa	Yes	Yes	Yes	Yes	0-61+	<\$0.01 - \$10 + M
Kansas	Yes	Yes	Yes	Yes	2	100,000
Kentucky	Yes	Yes	No	No	15	100,000
Louisiana	Yes	No	Yes	Yes	1	N/A
Maine	Yes	Yes	Yes	Yes	100	5,000,000
Maryland	Yes	No	No	No	60	N/A
Massachusetts	Yes	Yes	No	No	10	New investment in qualified business
Michigan	Yes	Yes	No	Yes	75,150	75, 150 jobs
Minnesota	No	No	No	No	N/A	N/A
Mississippi	Yes	Yes	Yes	Yes	10,20,25,50,100,200	\$50,000, \$10,000
Missouri	Yes	Yes	No	Yes	10,20,40,100	\$10, \$15M
Montana	Yes	Yes	No	Yes	Increase employment by 30%	Limited to small businesses
Nebraska	Yes	Yes	Yes	Yes	10, 30, 100	\$1, \$3, \$10M
Nevada	Yes	Yes	Yes	Yes	15, 75	\$0.25, \$1M
New Hampshire	No	No	No	No	N/A	N/A
New Jersey	Yes	Yes	No	Yes	10, 25	\$0.5, \$1M
New Mexico	Yes	Yes	No	Yes	1	\$0.5, \$1M
New York	Yes	Yes	Yes	Yes	101%, 102%, 103% of base employment	0, \$350M
North Carolina	Yes	Yes	Yes	Yes	1	\$0.1, \$0.2, \$1.0, \$2.0M
North Dakota	No	No	Yes	Yes	N/A	N/A
Ohio	Yes	Yes	Yes	Yes	25.00	Must exceed business' county average for filing year
Oklahoma	Yes	Yes	Yes	Yes	New payroll of 2.5M for 4 consec quarters	\$50,000
Oregon	No	No	No	Yes	N/A	N/A
Pennsylvania	Yes	No	Yes	Yes	25	N/A
Rhode Island	No	No	Yes	Yes	N/A	N/A
South Carolina	Yes	Yes	Yes	Yes	10, 250	\$5M
South Dakota	No	Yes	Yes	Yes	N/A	\$10M
Tennessee	Yes	Yes	Yes	Yes	25, 100, 250 jobs	\$0.5, \$011, \$250M
Texas	No	No	No	Yes	N/A	N/A
Utah	No	No	No	No	N/A	N/A
Vermont	Yes	Yes	Yes	No	Increased wage & salaries	\$150,000
Virginia	No	No	No	No	N/A	N/A
Washington	Yes	Yes	No	No	15% increase in employment	Investment in qualified business
West Virginia	Yes	Yes	No	Yes	20	Investment in qualified business
Wisconsin	No	No	No	No	N/A	N/A
Wyoming	No	No	No	No	N/A	N/A

Summary of Activity through December 31, 2007

There were 86 signed agreements as of December 31, 2007. As of that date, no qualifications had been verified and no benefits had been received by the applicants.

LB 312 Agreements in Effect as of December 31, 2007

Project Name	Project Location(s)	Investment (Millions)	Employment
1 Advanced BioEnergy, LLC	Geneva	\$149.0	100
2 ALTRA, Inc.	Carleton	\$175.9	100
3 American Title Holding Company	Bellevue	\$6.9	30
4 Archer Daniels Midland Company	Columbus	\$750.0	100
5 Armstrong Wood Products, Inc.	Auburn	\$10.0	100
6 Aurora Loan Services, LLC	Scottsbluff	\$10.0	100
7 Aventine Renewable Energy Holdings, Inc	Aurora	\$250.0	100
8 BVA, Inc.	Beatrice	\$3.5	30
9 C & A Industries, Inc.	Omaha	\$3.0	30
10 C J Foods, Inc.	Pawnee City	\$3.1	10
11 Camaco, LLC	Columbus	\$20.2	100
12 Cargill Incorporated	Blair	\$320.0	100
13 Case New Holland & Consolidated Subs.	Grand Island	\$23.6	36
14 Chief Industries, Inc.	Grand Island	\$10.0	100
15 CO MC, LLC	Omaha	\$1.1	15
16 Columbus Hydraulics Company	Columbus	\$2.7	15
17 Diversified Foods and Seasonings, Inc.	Nebraska City	\$10.0	100
18 Drake Williams Steel, Inc.	Omaha	\$10.0	100
19 E Energy Adams, LLC	Adams	\$89.8	32
20 Eaton MDH Co., Inc.	Hastings	\$6.5	30
21 Enduro Holdings, Inc.	Omaha	\$5.3	30
22 Enterprise Properties, Inc.	Omaha	\$1.3	12
23 Farmland Foods, Inc.	Crete	\$14.0	100
24 GeneSeek, Inc.	Lincoln	\$5.0	10
25 Glass Contractors, Inc.	Omaha	\$5.0	11
26 Glazer Enterprises, Inc.	Omaha	\$1.0	25
27 GPC, Inc.	Blair	\$30.0	30
28 Heritage Disposal & Storage, LLC	Alda	\$6.7	31
29 Hornady Manufacturing Company	Grand Island	\$1.0	10
30 Husker Ag, LLC	Plainview	\$53.5	15
31 infoUSA	Papillion	\$4.3	250
32 Kamterter II, LLC	Lincoln	\$3.1	31
33 Katana Summit, LLC	Columbus	\$14.0	139
34 Kawasaki Motors Manufacturing Corp. USA	Lincoln	\$10.0	100
35 Lawyers Title Insurance Corp.	Omaha	\$3.0	30
36 Lenco, Inc. PMC	Waverly	\$2.0	15
37 LI-COR, Inc.	Lincoln	\$2.4	14
38 Lincoln Composites, Inc.	Lincoln	\$5.2	39
39 Lindsay Manufacturing Co.	Omaha	\$11.0	100

Project Name	Project Location(s)	Investment (Millions)	Employment
40 Majors Plastics, Inc.	Omaha	\$1.5	20
41 Mann's International Meat Specialties, LLC	Omaha	\$1.0	10
42 Medical Solutions, Inc.	Omaha	\$3.0	221
43 Midlands Packaging Corporation	Lincoln	\$1.8	12
44 Midwest Machine & Tool, Inc.	Columbus	\$1.0	10
45 Molex Incorporated	Lincoln	\$61.3	150
46 MSI Systems Integrators, Inc.	Omaha	\$3.0	30
47 Nature Technology Corporation	Lincoln	\$1.0	10
48 Nebraska Plastics, Inc.	Cozad	\$3.0	10
49 NEDAK Ethanol, LLC	Atkinson	\$54.0	34
50 NetShops, Inc.	Omaha	\$9.1	440
51 Northeast Nebraska Biodiesel, LLC	Scribner	\$4.3	12
52 Northstar Financial Services Group, LLC	Omaha and Fremont	\$5.3	95
53 Novartis Pharmaceuticals Corp.	Lincoln	\$68.0	119
54 Pamida Stores Operating Co., LLC	Omaha	\$3.3	70
55 Paypal, Inc.	Omaha	\$42.5	1,997
56 Pharmaceutical Technologies, Inc.	Omaha	\$6.4	36
57 Phoenix Web Group, Inc.	Waverly	\$3.0	30
58 Pinnacle Data Services, LLC	Gretna	\$5.0	35
59 Prime Therapeutics, LLC	Omaha	\$5.0	332
60 Professional Research Consultants, Inc.	Omaha	\$3.0	30
61 Professional Veterinary Products Ltd.	Omaha	\$10.0	100
62 Qualia Clinical Service, Inc.	Omaha	\$3.0	50
63 Rabe's Quality Meat, Inc.	Omaha	\$2.5	10
64 Rosen's Diversified, Inc.	Gibbon	\$12.0	100
65 Rotella's Italian Bakery	Omaha	\$10.0	30
66 Sandhills Publishing Company	Lincoln	\$12.5	100
67 Shell Rock West, Inc.	Valley	\$6.7	40
68 Silverstone Holdings, Inc.	Omaha	\$5.0	30
69 Smeal Fire Apparatus Co.	Snyder and Neligh	\$2.3	30
70 Specialty Protein Producers, LLC	Norfolk	\$89.0	130
71 Streck Laboratories, Inc.	Omaha	\$10.0	100
72 Swift Foods Co & Subs.	Grand Island	\$10.0	100
73 TD Ameritrade Holding Corporation	Omaha	\$10.0	200
74 The James Skinner Co.	Omaha	\$10.0	100
75 Thunderstone, LLC	Lincoln	\$2.4	12
76 TierOne Bank	Statewide	\$17.5	210
77 Titan Medical Group, LLC	Omaha	\$3.0	30
78 Trade Well Pallet, Inc.	Gretna	\$3.0	36
79 TurnKey Solutions Corporation	LaVista	\$3.0	30
80 Verizon Wireless	Lincoln	\$27.5	750
81 Wahoo Ethanol, LLC	Wahoo	\$173.0	45
82 Wardcraft Homes, Inc.	Central City	\$3.0	30
83 Wimmers Meat Products Incorporated	West Point	\$1.4	10
84 XL Four Star Beef, Inc.	Omaha	\$7.0	59
85 Yasufuku USA, Inc.	Lincoln	\$1.0	10
86 Your Selling Team	Chadron	\$3.0	77

LB 312 Companies With Signed Agreements As Of December 31, 2007, By Industry Group

For taxpayers with signed agreements, the table shows the incentive options selected by industry group. The industry groupings are based on the Principal Business Activity codes currently being used by the Internal Revenue Service.

Classification Into Industry Group by Principal Business Activity (PBA) Codes and Option Under Which Applied

Category	PBA, Major Industry Group Titles	Option Under Which Applied	Number of Companies
Construction, Utilities and Nonmetallic Mineral Products Manufacturing	22, 23, 327 Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$1M + 10 emp	1
		\$3M + 30 emp	1
Manufacturing	311, 312 Meat and Food Products	\$1M + 10 emp	5
		\$3M + 30 emp	1
		\$10M + 100 emp	6
	314, 322, 323, 324, 325, 326 Printing, Paper, Chemical, Plastics, Rubber, Textile and other non-durable products	\$1M + 10 emp	7
		\$3M + 30 emp	3
321, 331, 332 Primary and Fabricated Metals and Wood Product Manufacturing	\$10M + 100 emp	6	
321, 331, 332 Primary and Fabricated Metals and Wood Product Manufacturing	\$1M + 10 emp	1	
	\$3M + 30 emp	2	
	\$10M + 100 emp	3	
333, 334, 335, 336, 337, 339 Machinery, Electronic and other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	\$1M + 10 emp	7	
	\$3M + 30 emp	10	
	\$10M + 100 emp	3	
Wholesale & Retail Trade	42 Durable and Non-Durable Goods	\$1M + 10 emp	1
Transportation & Warehousing	48, 49 Railroads, Trucking, Air Transportation and Warehousing	\$3M + 30 emp	2
		\$10M + 100 emp	1
Information & Data Processing	51 Publishing, Communications, Information and Data Processing Services	\$3M + 30 emp	3
		\$10M + 100 emp	2
Finance, Insurance & Real Estate	52 Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	\$3M + 30 emp	4
		\$10M + 100 emp	4
Professional, Scientific and Technical Services	54, 56, 62, 81 Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	\$1M + 10 emp	2
		\$3M + 30 emp	9
		\$10M + 100 emp	2
Total			86

Projected Revenue Gains and (Losses) of LB 312 for Tax Years 2008-2017 Projects by Fiscal Year

Incentive tax credits can influence the Nebraska economy positively, and those economic effects can in turn affect state revenues. Using a Computable General Equilibrium (CGE) model, the fiscal impacts of the program are estimated over the next ten years. This estimate is based upon 145 completed and 535 active LB 775 projects. These assumptions will be modified in the future with experience gained from LB 312 projects.

To analyze the fiscal impact of the tax credits, the Dynamic TRAIN model, a custom built Nebraska CGE model, is used. In TRAIN, the Nebraska economy is divided into 72 distinct sectors in order to explicitly trace economic flows.

TRAIN especially details state government sectors in order to capture the sensitivity of state government revenue and expenditure flows. TRAIN calculates most tax impacts within the model, without requiring additional calculations outside of the model to obtain final results. This allows the researcher to avoid rigid assumptions that may deliver vague results. TRAIN mathematically expresses the Nebraska economy with over 1,300 equations and a Social Accounting Matrix database. It has 26 industrial sectors, 2 factor sectors, an investment sector, 9 household sectors, 33 government sectors and a rest-of-world sector.

When constructing a general equilibrium model, the critical assumption is that the initial condition of the economy is in equilibrium. Therefore, the model is constructed so that its equilibrium replicates observed data in the starting year. The data for TRAIN is the most recently released Social Accounting Matrix (SAM), using data from 2006. The estimate of tax credits used is based on LB 775, as there have been no LB 312 credits used as of yet.

A more detailed description of the TRAIN model is available upon request.

Fiscal Analysis of LB 312

	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue Generated by ITC	14,157,503	20,282,145	25,290,728	29,300,541	32,261,874
Tax Credit	13,444,253	31,336,027	51,027,028	72,764,763	97,500,765
Revenue loss	4,151,199	12,560,246	25,726,702	42,180,355	60,404,219
Credit Use	2,086,109	6,646,520	14,375,213	24,446,753	35,841,194
Direct Sales and Use					
Tax Refund	2,065,090	5,913,725	11,351,489	17,733,602	24,563,024
Net Revenue Gains (Loss)	10,006,303	7,721,899	(435,974)	(12,879,814)	(28,142,345)
Cumulative	10,006,303	17,728,202	17,292,228	4,412,414	(23,729,931)
	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Generated by ITC	34,322,101	36,294,656	37,964,234	40,576,302	44,425,996
Tax Credit	122,008,614	140,954,120	153,635,330	163,039,934	169,957,673
Revenue loss	79,046,344	95,575,484	107,731,734	115,981,476	121,575,232
Credit Use	47,854,126	58,884,018	67,273,983	73,082,526	77,147,212
Direct Sales and Use					
Tax Refund	31,192,218	36,691,465	40,457,750	42,898,950	44,428,020
Net Revenue Gains (Loss)	(44,724,243)	(59,280,828)	(69,767,500)	(75,405,174)	(77,149,236)
Cumulative	(68,454,174)	(127,735,001)	(197,502,501)	(272,907,675)	(350,056,910)

*Nebraska Advantage
Rural Development Act (LB 608)
Reporting Requirements*

////////////////////////////////////

77-27,195 Report; contents.

(1) The Tax Commissioner shall prepare a report identifying the amount of investment in this state and the number of equivalent jobs created by each taxpayer claiming a credit pursuant to the Nebraska Advantage Rural Development Act. The report shall include the amount of credits claimed in the aggregate. The report shall be issued on or before March 15 of each year beginning with March 15, 1988, through March 15, 2006, for all credits allowed during the previous calendar year. The report shall be issued on or before July 15 of each year beginning with July 15, 2007, for all credits allowed during the previous calendar year.

(2) Beginning with applications filed on or after January 1, 2006, except for livestock modernization or expansion projects, the report shall provide information on project-specific total incentives used every two years for each approved project and shall disclose (a) the identity of the taxpayer, (b) the location of the project, and (c) the total credits used and refunds approved during the immediately preceding two years expressed as a single, aggregated total. The incentive information required to be reported under this subsection shall not be reported for the first year the taxpayer attains the required employment and investment thresholds. The information on first-year incentives used shall be combined with and reported as part of the second year. Thereafter, the information on incentives used for succeeding years shall be reported for each project every two years containing information on two years of credits used and refunds approved. The incentives used shall include incentives which have been approved by the Department of Revenue, but not necessarily received, during the previous two calendar years.

(3) For livestock modernization or expansion projects, the report shall disclose (a) the identity of the taxpayer, (b) the total credits used and refunds approved during the preceding calendar year, and (c) the location of the project.

(4) No information shall be provided in the report that is protected by state or federal confidentiality laws.

Nebraska Advantage Rural Development Act, LB 608, as Amended by LB 312, Qualifying Activity Reported in 2007

The Nebraska Advantage Rural Development Act, as amended by LB 608 and LB 312, requires a qualifying business to file an application with the Nebraska Department of Revenue. The first applications under LB 608 were accepted for tax years beginning on or after January 1, 2004.

Level 1 project applications require a plan of expansion that includes a minimum of two (2) new full-time equivalent Nebraska employees who are paid at least the minimum required wage, and \$125,000 of net, new investment. The expansion must occur in a county with a population of less than 15,000 inhabitants or in an enterprise zone. Level 1 applications were accepted for tax years beginning on or after January 1, 2006.

Level 2 project applications require a plan of expansion that includes a minimum of five (5) new full-time equivalent Nebraska employees who are paid at least the minimum required wage, and \$250,000 of net, new investment. The expansion must occur in a county with a population of less than 25,000 inhabitants or in an enterprise zone. Level 2 applications were accepted for tax years beginning on or after January 1, 2004.

If the Level 1 or Level 2 applicant reaches and maintains the required levels of investment and employment, they are eligible for a \$3,000 credit for each new full-time equivalent Nebraska employee and a \$2,750 credit for each \$50,000 net gain in qualified investment. The credits may be used to obtain a refund of state sales and use taxes paid, may be used against the income tax liability of the taxpayer, or may be used as a refundable credit claimed on the income tax return of the taxpayer.

Livestock Modernization is defined as the construction, improvement or acquisition of depreciable buildings, facilities or equipment for livestock housing, confinement, feeding, production and waste management. The project must have a net investment increase of at least \$50,000. There is no employment increase required. Livestock Modernization project applications were accepted as of January 1, 2007.

If the Livestock Modernization applicant reaches and maintains the required level of investment, they are eligible to earn credits at 10% of investment. Each project is limited to a maximum of \$30,000 in credits. The credits may be used to obtain a refund of state sales and use taxes paid, may be used against the income tax liability of the taxpayer, or may be used as a refundable credit claimed on the income tax return of the taxpayer.

The application may be filed on or after the first day of the tax year. The application requests the total amount of expected credits for additional investment and employment in the year the application is filed and the following tax year. There is a statutory limit on the total benefits that may be approved for a year. The requested benefits are applied to the limit in the order in which the complete applications were filed.

Approved Application Activity

Fiscal Year Ending	Number of Applicants	Total Requested Benefits	Statutory Limit on Benefits
06/30/2005	12	\$713,000	\$2,500,000
06/30/2006	15	\$2,086,000	\$2,500,000
06/30/2007	15	\$1,555,250	\$3,000,000
06/30/2008	34	\$3,000,000	\$3,000,000

As of December 31, 2007 credits were allowed to qualified projects. However, due to the small number of recipients and confidentiality requirements no credit usage information is reported this year.

*Nebraska Advantage
Microenterprise Tax Credit Act
Reporting Requirements*



Neb Rev. Stat. 77-5907 states:

The Tax Commissioner shall prepare a report identifying the following aggregate amounts for the previous calendar year: (1) The amount of projected employment and investment anticipated by taxpayers receiving tentative tax credits and the tentative tax credits granted; (2) the actual amount of employment and investment made by taxpayers that were granted tentative tax credits in the previous calendar year; (3) the tax credits used; and (4) the tentative tax credits that expired. The report shall be issued on or before July 15, 2007, and each July 15 thereafter. No information shall be provided in the report that is protected by state or federal confidentiality laws.

Nebraska Advantage Microenterprise Tax Credit Act

The Nebraska Advantage Microenterprise Tax Credit Act allows a person actively involved in the day-to-day activities of a small business which is located in a distressed area to apply for tax credits. The business must have five or fewer full-time equivalent employees to participate in the Nebraska Advantage Microenterprise Tax Credit Act. The business must be located in a municipality, county, unincorporated area within a county, or an enterprise zone with an unemployment rate above the state average, a per capita income below the state average, or a population decrease based on the last census.

The person actively involved in the business must file an application which describes their involvement, the expected investment or employment growth, and states the tentative tax credits for the year of application and the following year. Each individual, and their related parties, are limited to a \$10,000, lifetime credit.

The individual earns a refundable income tax credit equal to 20% of the business's new investment or employment not to exceed the amount of tentative tax credits approved based on the application. New investment is an increase in purchases of buildings and depreciable assets, or repairs and maintenance in the year of application and the following year as compared to the year prior to application. New employment is an increase in employee compensation in the year of application and the following year as compared to the year prior to application. The individual shall claim the tax credit when filing their Nebraska income tax return.

Applications requesting up to the adjusted limit of \$2 million may be authorized for each calendar year. All funds available for 2006 and 2007 were authorized. Refer to the tables below for an analysis of projected and actual investment and employment, as well as, actual credit usage.

Application Year	Projected Investment	Projected Compensation
2006	\$16,093,859	\$13,880,888
2007	\$14,351,943	\$ 3,403,376

Tax credits used, actual investment, and actual compensation are as follows:

Application Year	Tax Credits Used	Actual Investment	Actual Compensation
2006	\$1,598,593	\$14,902,743	\$11,949,912

As of December 31, 2007 no credits have expired.

*Nebraska Advantage
Research and Development Act
Reporting Requirements*



Neb Rev. Stat. 77-5807 states:

Beginning July 15, 2007, and each July 15 thereafter the Tax Commissioner shall prepare a report stating the total amount of credits claimed on income tax returns or as refunds of sales and use tax during the previous calendar year. No information shall be provided in the report that is protected by state or federal confidentiality laws.

Nebraska Advantage Research and Development Act

The Nebraska Advantage Research and Development credit is available for tax years beginning on or after January 1, 2006. A business firm which incurs research and development expenditures, as defined in section 174 of the Internal Revenue Code, may claim a credit equal to three percent of the increase in Nebraska research and development expenditures in the current year as compared to the average of the expenditures in the two years prior to first claiming the credit. The research and development credit may also be claimed for the four tax years following the first year in which the credit was claimed. No company may claim the credit for the first time in a tax year beginning on or after January 1, 2011.

The credit may be used to obtain a refund of state sales and use taxes paid, may be used against the income tax liability of the taxpayer, or may be used as a refundable credit claimed on the income tax return of the taxpayer.

Credits approved on income tax returns and as refunds of state sales and use taxes are as follows:

	Income Tax Credits	Sales and Use Tax Refunds
December 31, 2006	\$0	\$0
December 31, 2007	\$69,320	\$0

*Employment and Investment Growth Act,
LB 775, as amended
Reporting Requirements*



Neb. Rev. Stat. §77-4110 states:

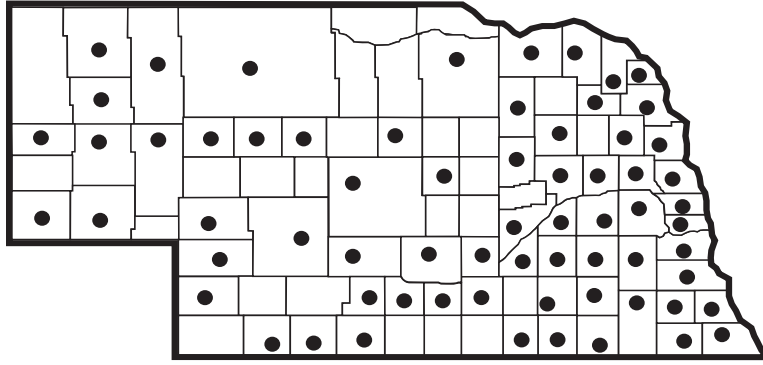
77-4110. Annual report; contents. (1) The Tax Commissioner shall submit an annual report to the Legislature no later than July 15 of each year.

(2) The report shall list (a) the agreements which have been signed during the previous calendar year, (b) the agreements which are still in effect, (c) the identity of each taxpayer, and (d) the location of each project.

(3) The report shall also state by industry group (a) the specific incentive options applied for under the Employment and Investment Growth Act, (b) the refunds allowed on the investment, (c) the credits earned, (d) the credits used to reduce the corporate income tax and the credits used to reduce the individual income tax, (e) the credits used to obtain sales and use tax refunds, (f) the number of jobs created, (g) the total number of employees employed in the state by the taxpayer on the last day of the calendar quarter prior to the application date and the total number of employees employed in the state by the taxpayer on subsequent reporting dates, (h) the expansion of capital investment, (i) the estimated wage levels of jobs created subsequent to the application date, (j) the total number of qualified applicants, (k) the projected future state revenue gains and losses, (l) the sales tax refunds owed to the applicants, (m) the credits outstanding, and (n) the value of personal property exempted by class in each county.

(4) No information shall be provided in the report that is protected by state or federal confidentiality laws.

LB 775 Activity Through December 31, 2007



A company has to file an application with the Nebraska Department of Revenue describing their project and stating the planned amount of investment and additional employment. The applications are reviewed, and if approved, the Nebraska Department of Revenue and the applicant enter into a written agreement. An application or an agreement can be withdrawn. Also, an application or agreement may be deleted for failure to meet the required levels within the time allowed.

New LB 775 applications were no longer accepted after December 31, 2005. Pending applications were still processed until an agreement was signed or the application was either withdrawn or deleted.

Analysis of Applications and Agreements				
	Applications Received	Active Projects	Planned Investment (billions)	Planned New Jobs
Signed Agreements				
Active	386	386	\$7.6	36,664
Withdrawn	79			
Deleted	80			
Completed	145			
Subtotal-total signed agreements	690			
Applications				
Pending as of 12/31/07	3	3	23.5	230
Withdrawn	119			
Deleted	130			
Total	942	389	\$31.1	36,894

To earn the credits provided by LB 775, the investment must be made and the jobs created during the “attainment period,” which includes the year of the application and the succeeding six tax years. Four hundred nine projects have reached the minimum required levels and qualified to receive credits and/or sales and use tax refunds. One hundred forty-five of these projects have received all expected benefits and are completed.

**Analysis of Active Applications by Year of Application
and, if Qualified, by Year Qualification Verified**

Table 1

Application Year	Total Number of Active Projects	Year Verified																				Total	Completed Projects	Active Qualified Projects
		1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007			
1987	90	13	30	23	11	1	6	4	1	1												90	80	10
1988	29		2	10	6	3		2	3	2		1										29	19	10
1989	28			1	4	4	9	1	6	3												28	17	11
1990	15					4	2		4	4	1											15	7	8
1991	13					2	1	3	2	2		2	1									13	2	11
1992	16							3	4	2	3	2		1		1						16	3	13
1993	12								5	3	2	2										12	1	11
1994	22								4	7	3										1	22	4	18
1995	40								6		13	6	4	5	3	3						40	7	33
1996	28									2		9	8	2	3	3	1					28	2	26
1997	24										2		6	7	4	2	3					22	3	19
1998	16											3	1	1	3	3	2	1	2			16		16
1999	21												1	3	2	2	4	4	2	2	2	20		20
2000	17													1		3	4	2	1	1	1	14		14
2001	21														1	3	2	5	2	2	3	14		14
2002	43																2	2	6	7	17		17	
2003	22																		3	3	6		6	
2004	52																		2	3	5		5	
2005	26																		2	2	2		2	
Total	535	13	32	34	21	14	18	13	31	27	28	23	24	17	16	17	13	17	11	18	22	409	145	264
Completed Projects		13	31	33	20	10	10	3	5	3	5	4	3	3		1	1					145		
Active Projects		0	1	1	1	4	8	10	26	24	23	19	21	14	16	16	12	17	11	18	22	264		

Agreements Signed in 2007 Still in Effect

Company Name	Project Size	Project Location
1 Adesta, LLC	\$3M + 50 emp	Omaha
2 Ameriwest Corporation	\$6.5M + 45 emp	Omaha
3 Arck Foods, Inc.	\$3M + 30 emp	Lincoln
4 Auto Club Group	\$12.1M + 250 emp	Statewide
5 Bank of the West	\$20M	Omaha
6 Cassling Diagnostic Imaging, Inc.	\$10M + 100 emp	Omaha
7 Chicory USA, LLC	\$4.2M + 30 emp	Scottsbluff
8 Clarcor, Inc.	\$20.1M + 100 emp	Kearney
9 ConAgra Foods, Inc.	\$45M + 30 emp	Hastings and Lincoln
10 Consolidated Supply Co, Inc.	\$10M + 100 emp	Omaha
11 Cornhusker Energy Lexington, LLC	\$47M + 100 emp	Lexington
12 Crete Carrier Corporation	\$10M + 100 emp	Lincoln
13 Cretex Concrete Products Midwest, Inc.	\$3.3M + 30 emp	Plattsmouth
14 CSG Systems International, Inc.	\$57M + 155 emp	Omaha
15 Duncan Aviation, Inc.	\$20.2M + 100 emp	Lincoln
16 E3 Biofuels-Mead, LLC	\$20.4M + 100 emp	Mead
17 Election Systems & Software, Inc.	\$6.7M + 41 emp	Omaha
18 Examination Management Services, Inc.	\$11.8M + 30 emp	Omaha
19 First Gothenburg Bancshares, Inc.	\$10M + 100 emp	Gothenburg and Omaha
20 Focus Legal Solutions, LLC	\$3M + 30 emp	Omaha
21 Kerry, Inc.	\$10M + 100 emp	Fremont
22 Knowledge Management Systems, LLC	\$3M + 30 emp	Lincoln
23 Level 3 Communications, Inc.	\$3M + 30 emp	Omaha
24 MDS (US) Inc.	\$22.8M + 100 emp	Lincoln and Omaha
25 Mid America Agri Products/Horizon, LLC	\$61M + 40 emp	Cambridge
26 Mid America Agri Products/Wheatland, LLC	\$61M + 40 emp	Madrid
27 Millard Refrigerated Services, Inc.	\$10M + 100 emp	Omaha
28 Nebraska Beef, Ltd.	\$13M + 137 emp	Omaha
29 Nebraska Orthopaedic Hospital, LLC	\$34.9M + 30 emp	Omaha
30 Nestle Holdings, Inc.	\$15.2M + 100 emp	Crete
31 Nor-Am Logistics, Inc.	\$7M + 35 emp	Schuyler
32 Nucor Corporation	\$3M + 30 emp	Norfolk
33 Optimus Corporation	\$10M + 100 emp	Omaha
34 Pfizer, Inc.	\$85M	Lincoln and Omaha
35 Plastic Companies Enterprises, Inc.	\$4.2M + 32 emp	Lincoln
36 Powermate Holding Corporation	\$10M + 100 emp	Kearney and Omaha
37 Precision Industries, Inc.	\$10.1M + 100 emp	Various
38 R K Aerials, LLC	\$3M + 30 emp	Fremont
39 Ready Tech-Go, Inc.	\$3M + 30 emp	Fremont
40 Schering Plough Animal Health Corporation	\$34.3M + 100 emp	Omaha and Elkhorn
41 Securities America Financial Corporation	\$14M + 30 emp	Omaha
42 Signature Performance, Inc.	\$3.4M + 90 emp	Omaha
43 Speedway Motors, Inc.	\$3M + 30 emp	Lincoln
44 Standard Iron, Inc.	\$10.6M + 100 emp	Grand Island
45 SW Energy LLC	\$10M + 100 emp	McCook
46 Tractor Supply Company	\$18.5M + 30 emp	Waverly
47 UNIFI Mutual Holding Company	\$11.7M + 149 emp	Lincoln, Omaha, and Wayne
48 United Distillers Products Company	\$10M + 100 emp	Omaha
49 Walsworth Publishing Company, Inc.	\$3M + 30 emp	Bellevue
50 West Corporation	\$43.5M + 175 emp	Omaha
51 Window Technologies, LLC	\$3M + 30 emp	Lincoln

Agreements Signed in 1987 Still in Effect

Company Name	Project Size	Project Location
1 Crete Carrier Corporation	\$3M + 30 emp	Omaha, Lincoln, York, Crete, and Norfolk
2 Qwest Corporation	\$60M + 150 emp	Omaha area

Agreements Signed in 1988 Still in Effect

Company Name	Project Size	Project Location
1 Acton International, Ltd.	\$10M + 525 emp	Lancaster, Sarpy, and Douglas Counties
2 Ameritrade Holding Corporation	\$4.4M + 48 emp	Metro Omaha
3 Dana Corporation	\$5.3M + 70 emp	Hastings
4 Grand Island Accessories, Inc.	\$3M + 30 emp	Grand Island
5 Jefferson Pilot Financial Insurance Company	\$10M + 114 emp	Greater Metropolitan Omaha Area
6 Land and Sky, Inc.	\$3M + 40 emp	Lincoln, Lancaster County, and other locations in the Southeast
7 Modern Equipment Co, Inc.	\$3.5M + 110 emp	Douglas County
8 Time Warner Entertainment-Advance/Newhouse Partnership	\$30M + 40 emp	Lincoln, Lancaster County, Crete, Auburn, Nebraska City, Tecumseh, Table Rock, Pawnee City, Humboldt, Omaha, Fairbury, Superior, York, David City, Seward, Fremont, Dodge County, Inglewood, Douglas County, and other locations

Agreements Signed in 1989 Still in Effect

Company Name	Project Size	Project Location
1 Clean Harbors, Inc.	\$35.8M + 40 emp	Kimball
2 IBP, inc.	\$77.5M + 1200 emp	Lexington
3 Omni Holding Company	\$3.8M + 34 emp	Omaha, Douglas, and Sarpy Counties
4 Tri-Con Industries, LTD	\$9.7M + 85 emp	Lincoln
5 Yasufuku USA, Inc.	\$3.5M + 36 emp	Lincoln

Agreements Signed in 1990 Still in Effect

Company Name	Project Size	Project Location
1 Alliant Exchange, Inc.	\$3M + 30 emp	Douglas County
2 Deeter Foundry, Inc.	\$3.4M + 32 emp	Lincoln
3 DTN Corporation	\$3M + 31 emp	Douglas County
4 Exmark Manufacturing Co., Inc.	\$3.1M + 46 emp	Beatrice
5 Goodyear Tire & Rubber Company	\$3M + 30 emp	Norfolk
6 IMSCORP	\$3M + 30 emp	Lincoln
7 LCF Holdings, Inc. & Subs.	\$3.2M + 30 emp	Omaha, Lincoln, Fremont, and Norfolk
8 Lincoln Benefit Life	\$3M + 140 emp	Lincoln
9 Mid-America Computer Corporation	\$11M + 133 emp	Blair
10 Midlands Packaging Corp.	\$3M + 30 emp	Lincoln
11 Millard Refrigerated Services	\$14.7M + 210 emp	Douglas and Sarpy Counties
12 Molex Incorporated	\$4.6M + 43 emp	Lincoln
13 Precision Industries, Inc.	\$10M + 110 emp	Omaha, Lincoln, Grand Island, Lexington, Norfolk, Columbus, and other locations
14 PW Eagle, Inc.	\$3M + 30 emp	Hastings
15 T-L Irrigation Co.	\$3M + 30 emp	Hastings
16 Tetra Micronutrients, Inc.	\$3M + 30 emp	Fairbury
17 The Buckle, Inc.	\$3M + 37 emp	Kearney
18 Wright Printing Co.	\$4.4M + 60 emp	Omaha

Agreements Signed in 1991 Still in Effect

Company Name	Project Size	Project Location
1 Archer Daniels Midland Company	\$80M + 125 emp	Columbus
2 Chief Industries, Inc.	\$10M + 100 emp	Hastings
3 Drake-Williams Steel, Inc.	\$3.7M + 30 emp	Omaha
4 Linweld, Inc.	\$3M + 30 emp	Lincoln, Hastings, Holdrege, Columbus, Omaha, Kearney, Waverly, Norfolk, Grand Island, and Scottsbluff
5 Mallory USA, Inc.	\$3M + 30 emp	South Sioux City
6 Tenneco Automotive Operating Co., Inc.	\$3M + 30 emp	Cozad
7 The Western Sugar Co. & Affiliates	\$35.7M + 30 emp	Scottsbluff
8 U.S. Bancorp	\$7.5M + 30 emp	Lincoln, Omaha, Scottsbluff, and Norfolk
9 Union Pacific Corporation	\$3M + 30 emp	Various Locations

Agreements Signed in 1992 Still in Effect

Company Name	Project Size	Project Location
1 Centurion Wireless Technologies, Inc.	\$3M + 30 emp	Lincoln
2 Design Plastics, Inc.	\$3.15M + 30 emp	Omaha
3 Krone Digital Communications	\$10M + 100 emp	Sidney
4 MidAmerican Energy Holdings Company	\$3M + 30 emp	Omaha
5 Paraclipse, Inc.	\$3M + 30 emp	Columbus
6 Tekton, Inc. & Subsidiaries	\$3M + 30 emp	Pender, Wayne, and Omaha

Agreements Signed in 1993 Still in Effect

Company Name	Project Size	Project Location
1 Ag Processing, Inc. a Cooperative	\$5M + 95 emp	Omaha
2 American Shizuki Corp.	\$3.8M + 55 emp	Ogallala
3 Cargill, Inc.	\$150M + 100 emp	Washington County
4 Flexcon Company, Inc.	\$22M + 200 emp	Columbus
5 FOFTI, L.C.	\$10M + 100 emp	Greater Omaha
6 Henningsen Foods, Inc.	\$4.5M + 30 emp	David City and other locations
7 Tenaska, Inc.	\$3.1M + 40 emp	Omaha
8 Transcrypt International, Inc.	\$10M + 100 emp	Lincoln
9 Travel & Transport, Inc.	\$3.9M + 170 emp	Omaha and other locations

Agreements Signed in 1994 Still in Effect

Company Name	Project Size	Project Location
1 Auburn Consolidated Industries, Inc.	\$3M + 35 emp	Auburn
2 Beef Products, Inc.	\$15-30M + 100 emp	Dakota City and future locations
3 Cargill Meat Solutions Corp.	\$13M + 150 emp	Nebraska City
4 First National of Nebraska, Inc.	\$10M + 100 emp	Omaha
5 First Data Corporation	\$10M + 100 emp	Omaha
6 Fleming Companies, Inc.	\$3.4M + 35 emp	Lincoln
7 Information Technology, Inc.	\$3M + 30 emp	Lincoln
8 Lanter Company	\$4M + 34 emp	Omaha
9 Mutual of Omaha Insurance Company	\$20M	Omaha
10 Nebraska Furniture Mart, Inc.	\$3M + 30 emp	Omaha
11 Nebraska Beef Ltd.	\$10M + 100 emp	Omaha
12 Tyco Healthcare Group L.P.	\$3M + 30 emp	Norfolk

Agreements Signed in 1995 Still in Effect

Company Name	Project Size	Project Location
1 AGP Corn Processing	\$40M + 100 emp	Central Nebraska
2 American Laboratories, Inc.	\$3M + 30 emp	Omaha
3 Behlen Mfg. Co.	\$6M + 165 emp	Columbus and Omaha
4 Blue Cross & Blue Shield of Nebraska & Subs.	\$10M + 100 emp	Omaha, Lincoln, and other locations
5 Cabela's, Inc.	\$10M + 100 emp	Sidney and Kearney
6 Carneco Foods, LLC	\$16M + 100 emp	Columbus
7 ConAgra Foods, Inc.	\$10M + 100 emp	Omaha
8 Experian Marketing Solutions, Inc.	\$10M + 100 emp	Lancaster and Seward Counties
9 Food Services of America	\$3M + 30 emp	Omaha
10 Info USA, Inc.	\$10M + 190 emp	Omaha
11 Irwin Industrial Tool Company	\$10M + 100 emp	DeWitt and Lincoln areas
12 Nebraska Energy LLC	\$35M + 30 emp	Aurora
13 The Oilgear Company	\$3M + 30 emp	Fremont
14 Prairie Systems, Inc.	\$10M + 100 emp	Omaha
15 Werner Enterprises, Inc.	\$10M + 100 emp	Douglas and Sarpy Counties

Agreements Signed in 1996 Still in Effect

Company Name	Project Size	Project Location
1 Burlington Northern Santa Fe Corporation	\$3M + 30 emp	Statewide
2 C.J. Foods, Inc.	\$3M + 30 emp	Pawnee City
3 Consolidated Business Systems, Inc.	\$3.5M + 40 emp	Omaha
4 CSG Systems, Inc.	\$14M + 105 emp	Omaha
5 Farmers & Merchants Investment, Inc.	\$4.85M + 72 emp	Statewide
6 Gallup, Inc.	\$9M + 155 emp	Lincoln
7 Garner Industries	\$3M + 30 emp	Lincoln
8 Goodyear Tire & Rubber Company	\$20M	Lincoln
9 Greater Omaha Packing Co.	\$10M + 100 emp	Omaha
10 Iams Company	\$20.5M + 30 emp	Aurora
11 IBP, inc.	\$10M + 100 emp	Madison
12 Level 3 Communications, Inc.	\$10M + 100 emp	Omaha
13 Morris Printing Group, Inc.	\$3M + 30 emp	Lexington and Kearney
14 Omaha Steaks International, Inc.	\$10M + 100 emp	Metropolitan Omaha Area
15 OTC Investments, LLC	\$16M + 600 emp	Omaha
16 Parker Hannifin Corp.	\$13.6M + 71 emp	Alliance and McCook
17 Parker Hannifin Corp.	\$5M + 40 emp	Lincoln
18 Pennington Seed, Inc. of Nebraska	\$10M + 100 emp	Sidney
19 Physicians Mutual Insurance Company	\$14M + 150 emp	Omaha
20 Pioneer Hi-Bred International, Inc.	\$3M + 30 emp	York
21 Senior Technologies, Inc.	\$3M + 30 emp	Lincoln
22 Square D Company	\$20M	Lincoln
23 THT Designs, Inc.	\$10M + 100 emp	Omaha
24 Union Pacific Corporation	\$3M + 30 emp	Greater Omaha Area
25 Union Pacific Corporation	\$3M + 30 emp	Statewide
26 West Corporation	\$10M + 100 emp	Omaha

Agreements Signed in 1997 Still in Effect

Company Name	Project Size	Project Location
1 3M Company	\$3M + 30 emp	Valley
2 Abengoa Bioenergy Corporation	\$55.1M + 105 emp	York County
3 Affiliated Foods Midwest Cooperative, Inc.	\$8.4M + 100 emp	Norfolk
4 Airlite Plastics Company	\$10M + 30 emp	Greater Omaha Metropolitan Area
5 Central States of Omaha Companies	\$10M + 140 emp	Omaha
6 Coxcom, Inc.	\$3M + 30 emp	Omaha
7 Distefano Tool & Manufacturing Co.	\$3.2M + 35 emp	Omaha
8 Duncan Aviation, Inc.	\$3M + 30 emp	Lincoln
9 Frito Lay, Inc.	\$25M + 30 emp	Central Nebraska
10 Hormel Foods Corporation	\$20M + 100 emp	Fremont
11 IBP, inc.	\$10M + 100 emp	Dakota City and West Point
12 IBP, inc.	\$10M + 100 emp	Gibbon
13 Kellogg Company	\$84M	Omaha
14 Lozier Corporation	\$20M	Omaha
15 Maplehurst Bakeries, Inc.	\$3M + 30 emp	Nebraska City
16 Midwest Web, Inc.	\$4.7M + 30 emp	Lincoln
17 Nedelco Inc. & Subsidiaries	\$4.85M + 147 emp	Aurora
18 Novartis Consumer Health, Inc.	\$10M + 100 emp	Lincoln
19 Premier Industries, Inc.	\$3M + 30 emp	Mead
20 Quality Pork International, Inc.	\$10M + 100 emp	Omaha
21 Reliance Electric Industrial Company	\$3M + 30 emp	Columbus
22 Security Financial Life Insurance	\$4.5M + 30 emp	Lincoln
23 Sprint Spectrum L.P.	\$35M + 150 emp	Statewide Service Area
24 Streck Laboratories	\$10M + 100 emp	Omaha
25 Valmont Industries, Inc.	\$10M + 100 emp	Valley, McCook, West Point, and Omaha
26 Walker Manufacturing Co.	\$3M + 30 emp	Seward
27 Wells Fargo & Company	\$12M + 115 emp	Lincoln, Grand Island, Columbus, Kearney, North Platte, and other locations

Agreements Signed in 1998 Still in Effect

Company Name	Project Size	Project Location
1 Baldwin Filters, Inc.	\$10M + 100 emp	Kearney and Gothenburg
2 Ballantyne of Omaha, Inc. & Subs.	\$3M + 30 emp	Omaha
3 Claas North American Holdings, Inc.	\$60M + 502 emp	Omaha
4 Empire Fire & Marine Insurance Co.	\$10M + 100 emp	Omaha and other locations
5 Flexmag Industries, Inc.	\$3.9M + 35 emp	Norfolk
6 HDR, Inc.	\$15.3M + 110 emp	Omaha
7 Kroy Building Products, Inc.	\$3M + 30 emp	York
8 LI-COR, Inc.	\$3M + 30 emp	Lincoln
9 Nebco, Inc.	\$3M + 30 emp	Dodge, Lancaster, Douglas, Sarpy, Cass, Otoe, Buffalo, Hall, Saunders and other NE counties
10 Pegler-Sysco Food Service Company	\$12M + 203 emp	Omaha, Lincoln, Grand Island and other locations
11 Platte Valley Financial Services Companies, Inc.	\$3.7M + 50 emp	Scottsbluff
12 Reinke Manufacturing Company, Inc.	\$10.7M + 30 emp	Deshler
13 Teledyne Technologies, Inc.	\$10M + 110 emp	Lincoln
14 William H. Harvey Co.	\$3M + 30 emp	Omaha

Agreements Signed in 1999 Still in Effect

Company Name	Project Size	Project Location
1 AMPC, Inc.	\$3M + 30 emp	Fremont, Schuyler, Madison, and Grand Island
2 Ameritas Acacia Mutual Holding Company	\$10M + 100 emp	Lincoln
3 D&D Foods, Inc.	\$4.55M + 30 emp	Omaha
4 DTN Corporation	\$3M + 30 emp	Douglas County
5 Eaton MDH Company, Inc.	\$17.5M + 68 emp	Hastings
6 Harris Laboratories, Inc.	\$15.12M + 140 emp	Lincoln and Omaha
7 Lyman-Richey Corporation	\$3M + 30 emp	Omaha and other Nebraska locations
8 Midland Systems, Inc.	\$3M + 30 emp	Omaha
9 Nonpareil - RDO, LLC.	\$15.8M + 100 emp	O'Neill
10 Omaha World Herald Company	\$9M + 30 emp	Omaha
11 Producers America, Inc.	\$3M + 30 emp	Omaha and other locations
12 Rotella's Italian Bakery, Inc.	\$3M + 30 emp	Omaha
13 Securities America Financial Corporation	\$7M + 100 emp	Omaha
14 Silverstone Group, Inc. & Subs	\$3M + 30 emp	Omaha
15 TierOne Bank	\$4.77M + 39 emp	Statewide
16 West Corporation	\$22M + 144 emp	Omaha
17 Wilkinson Industries, Inc.	\$10M + 100 emp	Fort Calhoun
18 Wis-Pak, Inc.	\$3M + 30 emp	Norfolk

Agreements Signed in 2000 Still in Effect

Company Name	Project Size	Project Location
1 C S Precision Manufacturing, Inc.	\$7M + 30-35 emp	Scottsbluff
2 Cargill Meat Solutions Corp.	\$16.5M + 100 emp	Schuyler
3 CXT Incorporated	\$3.5M + 30 emp	Grand Island
4 First York Ban Corp.	\$3M + 30 emp	Statewide
5 Grand Island Accessories	\$3.5M + 37 emp	Grand Island
6 Great Dane Limited Partnership	\$3M + 184 emp	Wayne
7 Hughes Brothers, Inc.	\$5.25M + 30 emp	Seward
8 Lee Enterprises	\$35M + 50 emp	Lincoln
9 Midwest Padding L.L.C.	\$3.3M + 32 emp	Norfolk
10 Triangle Pacific Corp.	\$10.3M + 100 emp	Auburn

Agreements Signed in 2001 Still in Effect

Company Name	Project Size	Project Location
1 Becton Dickinson & Company	\$145M + 287 emp	Columbus, Holdrege, and Broken Bow
2 Carlson Holdings, Inc.	\$10.1M + 100 emp	Omaha
3 Caterpillar Logistics Services, Inc.	\$8.7M + 50 emp	Bellevue
4 Gordmans, Inc.	\$10M + 100 emp	Omaha
5 HDM Corporation	\$3.4M + 269 emp	Omaha
6 Innovative Grain Technologies	\$15M + 120 emp	Lincoln
7 James Skinner Co.	\$10.6M + 110 emp	Omaha
8 Kawasaki Motors Mfg. Corp.	\$50M + 80 emp	Lincoln
9 Lincoln Plating Company	\$12.4M + 112 emp	Lincoln
10 Metal-Tech Partners	\$3.25M + 83 emp	Bruning and Geneva
11 Neapco, Inc.	\$5.85M + 30 emp	Beatrice
12 Pinnacle Data Services LLC	\$3M + 30 emp	Gretna
13 Profitstar, Inc.	\$10M + 100 emp	Omaha
14 Schering-Plough Animal Health Corporation	\$15M + 117 emp	Elkhorn and Omaha
15 Talent Plus, Inc.	\$10M + 100 emp	Lincoln
16 Tecumseh Poultry, LLC	\$15M + 922 emp	Tecumseh

Agreements Signed in 2002 Still in Effect

Company Name	Project Size	Project Location
1 American Meter Company	\$16.5M + 50 emp	Nebraska City
2 Ameritrade Holding Corporation	\$19.2M + 110 emp	Omaha
3 Cintas Corporation No. 2	\$5.6M + 120 emp	Omaha
4 ConAgra Beef Company	\$21M + 100 emp	Grand Island
5 Eagle Capital Group Inc.	\$3.6M + 30 emp	Hastings
6 Farmland Foods, Inc.	\$11.7M + 100 emp	Crete
7 First National of Nebraska, Inc.	\$258.6M + 100 emp	Omaha, David City, Columbus, Norfolk, Alliance, Chadron, Gering, Scottsbluff, North Platte, Fremont, and Kearney
8 Leprino Foods Company	\$7.8M + 30 emp	Ravenna
9 M.G. Waldbaum Company	\$18.9M + 109 emp	Wakefield and Bloomfield
10 Mutual of Omaha Insurance Company	\$166M	Omaha
11 Nash Finch Company	\$4.5M + 30 emp	Omaha
12 Natura Manufacturing Inc.	\$23.39M + 100 emp	Fremont
13 Professional Veterinary Products, LTD	\$10M + 100 emp	Omaha
14 Wal-Mart Stores, Inc.	\$40M + 600 emp	North Platte
15 Wright Printing Co.	\$5.09M + 33 emp	Omaha

Agreements Signed in 2003 Still in Effect

Company Name	Project Size	Project Location
1 ADT Security Services, Inc.	\$12.2M + 400 emp	Omaha and Papillion
2 Alltel Communications of NE, Inc.	\$20M	Nebraska
3 Applied Underwriters, Inc.	\$3.3M + 50 emp	Omaha
4 C & A Industries, Inc.	\$4.6M + 35 emp	Omaha
5 Farmers & Merchants Investment, Inc.	\$12M + 30 emp	Statewide
6 Information Technology, Inc.	\$3.5M + 30 emp	Lincoln
7 Malhove Holding Co, Inc.	\$10M + 30 emp	Omaha
8 NBC Acquisition Corp.	\$10M + 100 emp	Lincoln
9 Nebraska Furniture Mart, Inc.	\$25M + 100 emp	Omaha
10 Nelnet, Inc.	\$3.5M + 35 emp	Lincoln
11 OTC Investments, LLC	\$10.5M + 105 emp	Omaha
12 Overhead Door Corporation	\$4.2M + 136 emp	Grand Island
13 Paypal, Inc.	\$16M + 800 emp	Omaha
14 Phillips Manufacturing Company	\$10.3M + 100 emp	Omaha area
15 Restful Knights Inc.	\$10M + 100 emp	Wayne
16 Security National Bank	\$5M + 30 emp	Omaha
17 Tenneco Automotive, Inc.	\$12.9M + 155 emp	Cozad
18 Union Pacific Corporation	\$281M + 30 emp	Omaha
19 Universal Cold Storage & Trucking LLC	\$3M + 30 emp	Lincoln

Agreements Signed in 2004 Still in Effect

Company Name	Project Size	Project Location
1 Advanced Building & Components, Inc.	\$3.2M+ 32 emp	Mead
2 American Family Life Assurance Company of Columbus	\$4.7M + 136 emp	Omaha
3 Burlington Northern Santa Fe Corporation	\$20M	Statewide
4 Cabela's, Inc.	\$18.8M + 1100 emp	Sidney and Kearney
5 ConAgra Foods, Inc.	\$10M + 100 emp	Omaha
6 Degussa Corporation	\$75M + 30 emp	Blair
7 Electrolux Professional Outdoor Products, Inc.	\$10M + 100 emp	Beatrice
8 Firstar Fiber, Inc.	\$43.5M + 180 emp	Fremont, Omaha, and future site
9 GWD, Ltd.	\$3.5M + 30 emp	South Sioux City
10 IBP, inc.	\$23.2M + 1000 emp	Norfolk
11 ILC, Inc.	\$4.3M + 38 emp	Omaha
12 IMSCORP	\$5M + 42 emp	Lincoln
13 Jones National Corporation	\$3M + 30 emp	Seward and Milford
14 Krone Digital Communications, Inc.	\$14.2M + 130 emp	Sidney
15 Linweld, Inc.	\$3M + 30 emp	Statewide
16 Marianna Industries, Inc.	\$5.6M + 30 emp	Omaha
17 McCain Foods USA, Inc.	\$20M + 100 emp	Grand Island
18 Metz Baking Company	\$15M + 100 emp	Hastings, Bellevue, and South Sioux City
19 Norfolk Iron & Metal Company	\$11M + 30 emp	Norfolk
20 Omaha Cold Storage Terminals, Inc.	\$10M + 100 emp	Omaha and Crete
21 Omni Hotels Management Corporation	\$3.35M + 30 emp	Omaha
22 Printco Graphics, Inc.	\$3M + 67 emp	Omaha
23 Quebecor World Lincoln Inc.	\$10M + 100 emp	Lincoln and surrounding areas
24 State Steel of Omaha	\$3.75M + 30 emp	Omaha
25 Technical Management, Inc.	\$12.78M + 900 emp	Lincoln
26 The Buckle, Inc.	\$10.1M + 100 emp	Kearney
27 THT Designs, Inc.	\$10M + 100 emp	Omaha and LaVista
28 Trenton Agri Products, LLC	\$39.4M + 31 emp	Trenton
29 Vente, Inc.	\$10M + 100 emp	Omaha
30 Waitt Media, Inc.	\$10M + 100 emp	Omaha and Plattsmouth
31 West Gate Banshares, Inc.	\$13.5M + 100 emp	Lincoln

Agreements Signed in 2005 Still in Effect

Company Name	Project Size	Project Location
1 American Title Inc	\$11.75M + 280 emp	Omaha
2 KAAPA Ethanol, LLC	\$95M + 100 emp	Kearney County
3 Lincoln Poultry & Egg Co	\$10M + 101 emp	Lincoln
4 Lion Realty, LLC	\$10M + 100 emp	Crete
5 Lockheed Martin Corporation	\$11.4M + 100 emp	Bellevue
6 MidAmerican Energy Holdings Co	\$10M + 100 emp	Omaha
7 NE Colorado Wireless Tech, Inc.	\$13.3M + 35 emp	Grand Island, Hastings, Kearney, North Platte, Alliance, Norfolk, Scottsbluff and other NE locations
8 Pacific Life Insurance Co	\$10M + 100 emp	Omaha
9 Pinnacle Bancorp Inc	\$10M + 100 emp	Beatrice, Neligh, Schuyler, Wisner, Arnold, Lexington, Omaha, Elwood, Aurora, O'Neill, Ogallala, Verdigre, Lincoln, Madison, Central City, Palmer, Grant, Columbus, Crete, Osceola, Shelby, Gretna, and Papillion
10 Platte Valley Fuel Ethanol LLC	\$10M + 100 emp	Central City
11 ShopKo Stores, Inc.	\$37.5M + 158 emp	Omaha
12 Tenaska Energy Inc.	\$5M + 30 emp	Omaha
13 TMCO Inc	\$4M + 34 emp	Lincoln
14 Vertrue Incorporated	\$24.9M + 481 emp	Omaha
15 Werner Enterprises Inc & Sub	\$22.1M + 100 emp	Omaha

Agreements Signed in 2006 Still in Effect

Company Name	Project Size	Project Location
1 Ace Irrigation & Manufacturing Co. Inc.	\$3M + 30 emp	Kearney
2 Affiliated Foods Midwest Cooperative, Inc.	\$10.5M + 100 emp	Norfolk
3 Airlite Plastics Company	\$69.6M + 30 emp	Omaha
4 Allo Communications LLC	\$16.3M + 105 emp	Imperial
5 Alltel Nebraska Inc.	\$20M	Lincoln, southeast and eastern Nebraska
6 American HealthNet Inc.	\$10M + 100 emp	Omaha
7 Archer Daniels Midland Company	\$24.9M	Lincoln and Fremont
8 Auburn Consolidated Industries	\$10.5M + 162 emp	Auburn
9 Beef Products Inc.	\$72.1M + 175 emp	South Sioux City, Dakota City, and Lexington
10 Behlen Mfg. Co.	\$12.7M + 100 emp	Columbus
11 Bemis Company, Inc.	\$10M + 100 emp	Omaha and LaVista
12 Blue Cross & Blue Shield of Nebraska & Subs	\$13.4M + 100 emp	Omaha, Lincoln, and Grand Island
13 BMS Management, Inc.	\$100 + 100 emp	Lincoln
14 Coxcom Inc.	\$309.8M + 100 emp	Omaha
15 Daitron Inc.	\$3.3M + 50 emp	Lincoln
16 Deeter Foundry, Inc.	\$3.2M + 31 emp	Lincoln
17 E Energy Auburn, LLC	\$80.8M + 35 emp	Auburn
18 E Energy Broken Bow, LLC	\$78.3M + 35 emp	Broken Bow
19 Exmark Manufacturing Co. Inc.	\$3M + 30 emp	Beatrice
20 First Data Corporation	\$20M	Omaha and Lincoln
21 Five Points Bank of Hastings	\$3M + 30 emp	Hastings
22 Fremont Beef Company	\$3M + 30 emp	Fremont

Company Name	Project Size	Project Location
23 Gallup Organization	\$66.2M + 150 emp	Omaha and Lincoln
24 Gibraltar Packaging Group Inc.	\$10M + 100 emp	Hastings
25 Global Industries Inc.	\$10M + 100 emp	Grand Island
26 Global Industries Inc.	\$10M + 100 emp	Albion
27 HMA Inc. & Subsidiaries	\$11M + 100 emp	Omaha
28 HMN Inc.	\$8.6M + 30 emp	Fremont
29 Industrial Service Corporation	\$3.25M + 30 emp	Grand Island
30 Infocrossing	\$65M	Omaha
31 International Mineral Technologies, L.L.C.	\$10M + 100 emp	Fairbury
32 The Interpublic Group of Companies, Inc. and Subsidiaries	\$3M + 30 emp	Omaha
33 Jefferson Pilot Corp. & Subs.	\$14M + 100 emp	Omaha
34 Kellogg Company	\$20M	Omaha
35 LCF Holdings, Inc.	\$10M + 100 emp	Omaha, Norfolk, and Bellevue
36 Lincoln Snacks, Inc.	\$8.7M + 50 emp	Lincoln
37 MI Industries	\$10.6M + 100 emp	Lincoln
38 Mid America Computer Corporation	\$11.5M + 131 emp	Blair
39 Midwest Renewable Energy LLC	\$23.5M + 40 emp	Sutherland
40 Nebraska Transport Co. Inc.	\$10.5M + 30 emp	Scottsbluff, Alliance, Sidney, North Platte, Norfolk, Grand Island, Lincoln, and Omaha
41 Nedelco Inc.	\$8.5 + 393 emp	Aurora, North Platte, and Grand Island
42 Nordic Biofuels of Ravenna LLC	\$10M + 100 emp	Ravenna
43 OEI, Inc.	\$3.6M + 63 emp	Lincoln
44 Omaha Printing Company	\$11.5M + 100 emp	Omaha
45 Omaha Steaks International, Inc.	\$12.8M + 105 emp	Omaha and Snyder
46 ORI Great West Holdings	\$10.71M + 187 emp	South Sioux City and Grand Island
47 Parker Hannifin Corp. & Subs.	\$13.8M + 100 emp	Alliance and McCook
48 Peter Kiewit Sons, Inc.	\$10M + 100 emp	Omaha
49 Qwest Communications International, Inc.	\$553M	Statewide
50 Siouxland Ethanol LLC	\$62.3M + 35 emp	Jackson
51 Southwark Metal Manufacturing Company	\$4M + 30 emp	Fremont
52 Store Kraft Manufacturing Co.	\$10M + 100 emp	Beatrice
53 Tecumseh Poultry LLC	\$10M + 100 emp	Tecumseh
54 Tyco Healthcare Group LP	\$10M + 100 emp	Norfolk
55 Tyson Processing Services, Inc.	\$19M + 105 emp	Omaha
56 Union Pacific Corporation	\$580M + 30 emp	Statewide
57 Valmont Industries Inc.	\$10M + 100 emp	Valley, Waverly, and McCook
58 West Pharmaceutical Services, Inc.	\$10.03M + 100 emp	Kearney
59 Wild Bill's Foods Inc.	\$10M + 100 emp	Hampton
60 Wilkinson Industries, Inc.	\$10M + 100 emp	Fort Calhoun

Summary of LB 775 Benefits Approved Through December 31, 2007

Table 2 summarizes the credits earned, credits used, credits expired, and the direct sales/use tax refunds approved for qualified companies through December 31, 2007. Also included are the sales and use tax refunds pending at year end. Credits are expired after the project has reached the end of the carryover period and has received all expected benefits.

Detail by type of agreement is provided in Table 3. Detail by industry group is provided in Tables 4 through 8 and 10 through 14. Table 9 breaks down sales tax refunds between city and state tax. Tables 15 through 25 regroup the companies by year of qualification.

Summary of LB 775 Benefits Approved

Table 2

The Department of Revenue has conducted field reviews of companies which filed reports with the Department indicating they had met the minimum new jobs and investment levels to qualify for incentives. Table 1 shows the number of qualifying companies verified by field review. Based on these examinations, the Department has approved:

	1988-2003 ^(a)	2004	2005	2006	2007	Total
Investment Credits	\$1,368,073,892	\$47,119,400	\$44,035,139	\$ 87,248,048	\$115,109,842	\$1,661,586,321
New Jobs Credits	502,203,008	18,355,326	27,400,427	24,124,193	34,413,435	606,496,389
Total Credit Earned	\$1,870,276,900	\$65,474,726	\$71,435,566	\$111,372,241	\$149,523,277	\$2,268,082,710
Credits Used						
Income Tax ^(b)	\$ 531,389,587	\$34,894,898	\$35,526,275	\$38,405,737	\$41,937,899	\$ 682,154,396
Sales/Uses Tax Refund	493,487,667	51,221,202	66,858,063	39,954,493	45,127,886	696,649,310
Total Credits Used	\$1,024,877,254	\$86,116,100	\$102,384,338	\$78,360,230	\$87,065,785	\$1,378,803,706
Recapture ^(c)						
Repaid	\$24,380,339	\$4,351,583	\$4,726,346	\$4,101,631	\$6,234,123	\$43,794,021
From Credits	16,364,582	4,852,835	2,144,029	3,215,666	1,046,967	27,624,079
Credits Expired	\$14,877,833	\$2,881,327	\$10,730,097	\$27,343,611	\$5,978,854	\$61,811,722
Qualified Investment	\$17,161,238,203	\$599,180,614	\$528,697,581	\$986,072,721	\$1,751,087,961	\$21,026,277,080
Direct Sales/Use Tax Refunds on Investment	\$534,039,122	\$24,641,813	\$9,931,172	\$39,907,680	\$70,453,276	\$678,973,062
New Jobs of Qualifying	72,582	2,886	2,962	2,894	4,479	85,803
Sales/Use Tax Refunds Pending Approval at Year End	N/A	\$33,694,186	\$39,663,924	\$32,211,153 ^(d)	\$42,641,663	N/A

^(a) For details by year see Annual Reports for previous year

	1988-2003 ^(a)	2004	2005	2006	2007	Total
^(b) Corporate	\$433,301,916	\$28,064,234	\$30,007,188	\$29,956,611	\$29,654,172	\$550,984,121
Individual	98,087,672	6,830,664	5,519,087	8,449,126	12,283,727	131,170,276
Total	\$531,389,587	\$34,894,898	\$35,526,275	\$38,405,737	\$41,937,899	\$682,154,396

^(c) If a company fails to maintain either the minimum employment or investment required by its agreement, one-seventh of the refunds and one-seventh of the credits used are recaptured, and one-seventh of the credit carryover at the end of the entitlement period is recaptured for each year the company is below the required levels. Through December 31, 2007, 73 projects were in recapture. \$21,703,008 in repayment due has been netted from approved refund claims, and \$22,091,013 plus interest, has been repaid in cash. Credit carryover for companies that have reached the end of the entitlement period has been reduced by \$27,624,079.

^(d) Correction to last Annual Report for omitted pending refund claims of \$65,262.

Description of Application Options

\$20M investment and no employees. Benefits include:

- Election to use “sales only” factor to apportion state taxable income, and
- Direct refund of all sales and use tax paid on purchases of qualified property at the project.

\$3M investment and 30 employees. In addition to the benefits listed above, a \$3M + 30 applicant is eligible for:

- Five percent tax credit on the amount the total compensation paid to employees who are either Nebraska employees or base-year employees exceeds the compensation attributed to base-year employees, and
- Ten percent tax credit on total investment in qualified property.

\$10M investment and 100 employees. In addition to the benefits listed above, a \$10M + 100 applicant is eligible for property tax exemption on:

- Turbine-powered aircraft or jets,
- Mainframe business computers and peripheral components used at the project, and
- Equipment used directly in processing agricultural products.

Please note that a company applying under the \$10M + 100 employee option has a two-part agreement, one at the \$3M + 30 employee level and one at the \$10M + 100 employee level. The companies listed as having applied under the \$10M + 100 employee level may only have qualified under the \$3M + 30 employee portion of their agreement. The only additional benefits available under the \$10M + 100 employee portion of an agreement are the property tax benefits.

Table 3 shows the total benefits approved for each type of agreement, as described above, through 2007.

Table 3

**Analysis of Benefits Approved by Type of Agreement
(Cumulative Through 2007)**

	\$20 Million 0 Employees	\$3 Million 30 Employees	\$10 Million 100 Employees	Total
Number of Projects	28	199	182	409
Investment Credits	N/A	\$645,078,787	\$1,016,507,534	\$1,661,586,321
New Jobs Credits	N/A	227,553,408	378,942,981	606,496,389
Total Credits Earned	N/A	<u>\$872,632,195</u>	<u>\$1,395,450,515</u>	\$2,268,082,710
Credits Used				
Income Tax	N/A	\$286,868,644	\$395,285,752	\$682,154,396
Sales/Use Tax Refunds	N/A	223,394,331	473,254,978	696,649,309
Total Credits Used	N/A	<u>\$510,262,975</u>	<u>\$868,540,730</u>	\$1,378,803,705
Credits Expired	N/A	\$17,541,826	\$44,269,896	\$61,811,722
Direct Sales/Use Tax Refunds on Investment	\$173,051,709	\$181,339,871	\$324,581,480	\$678,973,060
Qualified Investment	\$4,410,544,843	\$6,450,787,571	\$10,164,944,665	\$21,026,277,079
New Jobs of Qualifying Company	N/A	1,488	2,991	4,479
Sales/Use Tax Refunds Pending Approval at Year End	\$ 10,357,407	\$ 3,853,113	\$ 28,431,142	\$42,641,663

LB 775 Companies Whose Qualifications Have Been Approved As Of December 31, 2007

Table 4 shows the types of projects that are included in each industry group. All industry groups include a minimum of three (3) companies. The number of companies that have applied under each option within each industry group is shown in the last column.

The industry groupings are based on the Principal Business Activity codes currently being used by the Internal Revenue Service.

Table 4 **Classification Into Industry Group by
Principal Business Activity (PBA) Codes
and Option Under Which Applied**

Category	PBA, Major Industry Group Titles	Option Under Which Applied	Number of Companies
Construction, Utilities and Nonmetallic Mineral Products Manufacturing	22, 23, 327 Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	3M + 30 emp	8
		10M + 100 emp	5
Manufacturing	311, 312 Meat and Food Products	3M + 30 emp	15
		10M + 100 emp	44
		20M	4
	314, 322, 323, 325, 326 Printing, Paper, Chemical, Plastics, Rubber, Textile and other non-durable products	3M + 30 emp	31
		10M + 100 emp	23
20M	1		
321, 331, 332 Primary and Fabricated Metals and Wood Product Manufacturing	3M + 30 emp	18	
	10M + 100 emp	6	
	20M	2	
333, 334, 335, 336, 337, 339 Machinery, Electronic and other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	3M + 30 emp	46	
	10M + 100 emp	19	
	20M	5	
Wholesale & Retail Trade	42 Durable and Non-Durable Goods	3M + 30 emp	16
		10M + 100 emp	11
Transportation & Warehousing	48, 49 Railroads, Trucking, Air Transportation and Warehousing	3M + 30 emp	11
		10M + 100 emp	16
		20M	3
Information & Data Processing	51 Publishing, Communications, Information and Data Processing Services	3M + 30 emp	18
		10M + 100 emp	11
		20M	10
Finance, Insurance & Real Estate	52 Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	3M + 30 emp	18
		10M + 100 emp	24
		20M	3
Professional, Scientific and Technical Services	54, 56, 62, 81 Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	3M + 30 emp	18
		10M + 100 emp	23
		Total	409

LB 775 INDUSTRY GROUP DETAIL

Analysis of Credits

Tables 5 and 6 show an analysis of credits earned and used in 2007 and cumulative through 2007 by industry group. Total credits earned consist of both investment and employment credits. Both types of credits go into a credit pool and can be used to offset corporate or individual income tax liability and to receive a refund of otherwise non-refundable sales or use tax paid on purchases at the project.

Credits distributed to either corporate or individual shareholders or partners totaled \$134,876,443^(a) in 1988-2003, \$6,584,622^(a) in 2004, \$10,958,609 in 2005, \$8,942,825^(a) in 2006, and \$14,087,870 in 2007. Distributed credits may only be used to offset corporate or individual income tax liabilities.

^(a) The distribution amounts reported previously were corrected for posting errors.

Analysis of Credits by Industry Group (2007)

Table 5

Industry Group	Total Credits Earned	CREDITS USED		Credits Recaptured	Credits Expired	Current Year Change to Credit Balance
		Income Tax	Sales Tax			
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 14,083,130	\$ 1,623,314	\$ 119,905	\$ 0	\$ 0	\$12,339,911
Meat and Food Products	18,308,307	6,547,472	6,367,630	0	1,769,633	3,623,572
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	7,207,218	5,216,180	6,465,851	329,476	134,146	(4,938,435)
Primary and Fabricated Metals and Wood Product Manufacturing	7,608,549	1,107,819	1,080,122	0	0	5,420,608
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	17,807,855	1,700,511	7,165,002	(1,896)	5,665	8,938,573
Durable and Non-Durable Goods	2,465,441	2,802,049	1,487,357	0	0	(1,823,965)
Railroads, Trucking, Air Transportation and Warehousing	47,793,044	14,130,882	5,056,917	133,304	0	28,471,941
Publishing, Communications, Information and Data Processing Services	2,347,364	3,143,233	2,917,490	0	77,354	(3,790,713)
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	17,561,026	830,932	11,259,751	150,322	5,457	5,314,564
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	14,341,343	4,835,507	3,207,862	435,761	3,986,599	1,875,614
Total	\$149,523,277	\$41,937,899	\$45,127,886	\$1,046,967	\$5,978,854	\$55,431,671

LB 775 INDUSTRY GROUP DETAIL

Table 6

Analysis of Credits by Industry Group (Cumulative Through 2007)

Industry Group	Total Credits Earned	CREDITS USED		Credits Recaptured	Credit Expired	Credit Balance
		Income Tax	Sales Tax			
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 58,749,747	\$ 35,589,010	\$ 5,274,681	\$ 0	\$ 84,839	\$ 17,801,217
Meat and Food Products	344,431,460	99,075,282	117,269,930	1,827,872	23,564,499	102,693,877
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	271,250,290	28,857,844	100,401,126	994,683	7,276,649	133,719,988
Primary and Fabricated Metals and Wood Product Manufacturing	49,141,493	19,040,195	9,797,416	1,050,461	27,555	19,225,866
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	273,852,958	54,108,458	116,224,857	2,400,785	2,825,208	98,293,650
Durable and Non-Durable Goods	89,106,693	39,721,599	23,059,588	3,393,154	7,610,987	15,321,365
Railroads, Trucking, Air Transportation and Warehousing	396,461,207	129,741,082	64,570,158	5,935,206	340,777	195,873,984
Publishing, Communications, Information and Data Processing Services	221,602,139	92,749,650	43,451,117	7,543,766	1,944,091	75,913,515
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	386,245,605	109,071,501	172,245,489	4,042,391	1,388,838	99,497,386
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	177,241,118	74,199,776	44,354,949	435,761	16,748,279	41,502,353
Total	\$2,268,082,710	\$682,154,396	\$696,649,310	\$27,624,079	\$61,811,722	\$799,843,203

LB 775 INDUSTRY GROUP DETAIL

Sales and Use Tax Refunds

There are two types of sales and use tax refunds available under LB775, direct refunds and refunds using credits.

The direct refund is available on qualified property (see Table 10 narrative for the definition of qualified property) and on aircraft. The total direct refunds through December 31, 2007 were \$678,973,061. Refunds were \$652,315,700 on qualified property and \$26,657,361 on aircraft.

Credits earned on investment and employment increases may be used to obtain a refund of otherwise non-refundable sales and use tax paid on purchases at the project.

Tables 7 and 8 show a summary of sales and use tax refunds by industry group in 2007 and cumulative through 2007. The last column of Table 7 shows the sales and use tax refunds pending approval on December 31, 2007.

Table 9 shows the breakdown of state and city taxes paid for the total refunds net of recapture.

**Table 7 Analysis of Sales/Use Tax Refunds by Industry Group
(2007)**

Industry Group	APPROVED REFUNDS			Refunds Pending as of 12/31/2007
	Direct Refunds	Refunds Using Credits	Total	
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 2,728,868	\$ 119,905	\$ 2,848,772	\$ 2,683,444
Meat and Food Products	4,416,311	6,367,630	10,783,941	5,638,375
Printing, Paper, Chemical, Plastics, Rubber, and Other Non-Durable Products	1,643,988	6,465,851	8,109,839	6,079,382
Primary and Fabricated Metals and Wood Product Manufacturing	1,394,950	1,080,122	2,475,072	135,080
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	7,100,684	7,165,002	14,265,686	6,820,694
Durable and Non-Durable Goods	1,471,886	1,487,357	2,959,243	2,926,777
Railroads, Trucking, Air Transportation and Warehousing	17,947,139	5,056,917	23,004,056	1,929,435
Publishing, Communications, Information and Data Processing Services	21,688,136	2,917,490	24,605,626	5,260,727
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	7,830,027	11,259,751	19,089,778	8,506,237
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	4,231,287	3,207,862	7,439,148	2,661,512
Total	\$70,453,276	\$45,127,886	\$115,581,162	\$42,641,663

Table 8 LB 775 INDUSTRY GROUP DETAIL
Analysis of Sales/Use Tax Refunds by Industry Group
(Cumulative through 2007)

Industry Group	APPROVED REFUNDS		
	Direct Refunds	Refunds Using Credits	Total Refunds
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 13,900,614	\$ 5,274,681	\$ 19,175,294
Meat and Food Products	84,993,641	117,269,930	202,263,571
Printing, Paper, Chemical, Plastics, Rubber and Other Non-Durable Products	65,555,677	100,401,126	165,956,803
Primary and Fabricated Metals and Wood Product Manufacturing	21,229,552	9,797,416	31,026,967
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	68,020,651	116,224,857	184,245,508
Durable and Non-Durable Goods	20,888,830	23,059,588	43,948,418
Railroads, Trucking, Air Transportation and Warehousing	91,638,778	64,570,158	156,208,935
Publishing, Communications, Information and Data Processing Services	144,644,667	43,451,117	188,095,784
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	138,250,925	172,245,489	310,496,414
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	29,849,728	44,354,949	74,204,677
Total	\$678,973,062	\$696,649,310	\$1,375,622,372

Table 9 Analysis of Sales/Use Tax Refunds

	APPROVED REFUNDS NET OF RECAPTURE						Refunds Pending as of 12/31/2007
	1988-2003*	2004	2005	2006	2007	Total	
Number of Claims	9,593	823	842	669	725	12,652	238
State Tax	\$853,480,965	\$62,528,271	\$65,235,974	\$65,313,971	\$94,218,945	\$1,140,778,125	\$36,530,569
City Tax	\$161,233,400	\$11,296,035	\$10,207,654	\$12,232,972	\$17,869,295	\$212,839,356	\$6,111,094
Total	\$1,014,714,365	\$73,824,306	\$75,443,628	\$77,546,943	\$112,088,240	\$1,353,617,481	\$42,641,663

*For detail by year see previous annual reports

LB 775 INDUSTRY GROUP DETAIL

Table 10 details the investment in qualified property by industry group. Qualified property is any tangible property of a type subject to depreciation, amortization, or other recovery under the Internal Revenue Code of 1986, or the components of such property, that will be used at the project. Qualified property does not include (a) aircraft, barges, motor vehicles, railroad rolling stock, or watercraft or (b) property that is rented by the taxpayer qualifying under the Employment and Investment Growth Act to another person.

Table 10 **Investment in Qualified Property
by Industry Group**

Industry Group	1988-2003*	2004	2005	2006	2007	Total
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	\$ 236,507,455	\$ 12,923,540	\$ 18,374,830	\$ 28,056,190	\$ 116,961,020	\$ 412,823,035
Meat and Food Products	2,377,702,371	44,298,513	115,540,394	215,202,642	128,311,999	2,881,055,919
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	2,296,575,804	76,723,559	(269,867,268) **	140,903,920	53,565,130	2,297,901,145
Primary and Fabricated Metals and Wood Product Manufacturing	556,258,422	7,165,710	32,087,430	25,461,849	59,911,410	680,884,821
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	1,686,368,309	1,695,532	326,294,836	74,263,577	125,665,863	2,214,288,117
Durable and Non-Durable Goods	480,222,574	12,241,020	6,837,180	13,184,900	23,249,020	535,734,694
Railroads, Trucking, Air Transportation and Warehousing	2,910,194,316	169,441,170	150,876,690	100,325,720	569,109,065	3,899,946,961
Publishing, Communications, Information and Data Processing Services	3,311,506,016	169,351,809	51,915,098	62,700,563	408,441,871	4,003,915,357
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	2,596,075,398	79,943,350	73,228,791	296,422,170	150,608,493	3,196,278,202
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	709,827,537	25,396,411	23,409,600	29,551,190	115,264,090	903,448,828
Total	\$17,161,238,202	\$599,180,614	\$528,697,581	\$986,072,721	\$1,751,087,961	\$21,026,277,079

* For detail by year see previous Annual Reports.

** One project withdrew their application after qualification was verified.

Overview of Employment by Industry Tables

Tables 11 through 14 provide information by industry group on employment for projects which have met the minimum required levels of employment and/or investment necessary to qualify for benefits. For each year of the entitlement period, the qualified \$3 million and 30 full-time equivalent (FTE) employee projects report information on FTE employee growth, average salaries and total Nebraska employment. The \$20 million investment projects do not report the FTE employee growth because it is not a requirement for qualification.

The FTE employee calculation reported in Table 11 is based on the number of hours paid at the project divided by 40 times the number of weeks in the year. An employee with 60 hours worked in each week of the year would be counted as 1.5 FTE employees. This same computation is done in the current year and the tax year prior to the year of application. The increase or decrease in FTE employees is calculated by subtracting the FTE employees at the project in the tax year prior to the year of application from the number of FTE employees in the reporting tax year.

The total number of people employed at the quarter prior to date of application and at the most recent reporting period reported in Table 12 includes all employees of the taxpayer statewide on a specific date without regard to the number of hours those people have worked. In this case, the person who works 60 hours each week of the year would be reported as long as they were employed at the specific reporting date. The total number of people employed at the measuring points would also include any part-time, seasonal workers or non-project employees in Nebraska as long as they were employed in Nebraska by the taxpayer at the specific reporting date.

The numbers reported in Tables 11 and 12 are not comparable for the following reasons:

- The number of people employed for Table 12 is not measured the same as the number of FTE employees shown in Table 11. The numbers shown in Table 12 are the number of people employed by the qualified LB 775 applicants statewide in Nebraska on a specific date, without regard to the number of hours those people worked.
- Table 11 does not include any information related to the \$20 million dollar projects while Table 12 does report change in total employment for these projects.
- Table 11 includes the full-time equivalent growth only for the project as defined while Table 12 includes total statewide employment.
- Table 11's total column reports cumulative FTE employees growth for all qualified projects since the enactment of LB 775, including projects which are beyond the end of their entitlement period, while Table 12 only includes information for projects which are currently in their entitlement period.

LB 775 INDUSTRY GROUP DETAIL

Number of New Jobs Created

Table 11 shows the number of new full-time equivalent (FTE) employees at the projects as compared to the prior year. The amount shown in the columns for each individual year is the increase or decrease from the previous year and does not represent the total change from the base year.

The total column represents the FTE employee growth during the entitlement period for each project that has met the \$3 million investment and 30 FTE employees since the enactment of the Employment and Investment Growth Act, LB 775.

A company is required to maintain a minimum of 30 FTE employees increase to avoid recapture. Please note:

- A company that previously showed an FTE employee increase of 80 could fall back to a 30 FTE employee increase without going into recapture. In this situation, the decrease of 50 FTE employees would be included in the current year column and the net increase of 30 would remain in the total column.
- If the company that previously showed an FTE employee increase of 80 ceased operations in Nebraska during the entitlement period, they would be in recapture. The decrease of 80 FTE employees would be included in the current year column and there would be zero FTE employee's represented in the total column.

This year Table 11 has one industry group where the changes in FTE employees reported in 2007 as compared to the previous reported year is negative. There were companies in this industry group which reported employment growth, however the overall industry totals of all companies reporting were a negative number. A company reporting a decline in employment would not be in recapture unless the FTE employment growth for the term of the project is below 30 FTE employees.

Table 11 **Number of Jobs Created by Industry Group**
Full-Time Equivalent (FTE) Employees

Industry Group	1988-2003*	2004	2005	2006	2007	Total
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	1,303	(22)	46	(46)	352	1,633
Meat and Food Products	16,440	570	376	1,026	275	18,687
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	5,184	221	84	237	93	5,819
Primary and Fabricated Metals and Wood Product Manufacturing	1,401	(28)	110	341	159	1,983
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	9,508	10	387	315	1,017	11,237
Durable and Non-Durable Goods	4,342	277	72	(173)	51	4,569
Railroads, Trucking, Air Transportation and Warehousing	5,438	267	465	727	1,579	8,476
Publishing, Communications, Information and Data Processing Services	3,409	601	505	84	(43)	4,556
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	12,879	223	1,008	274	408	14,792
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	12,678	767	(91)	109	588	14,051
Total	72,582	2,886	2,962	2,894	4,479	85,803

* For detail by year see previous annual reports.

LB 775 INDUSTRY GROUP DETAIL

Total Number of People Employed in Nebraska by Qualified LB 775 Applicants

Table 12 shows a comparison of the total number of people employed in Nebraska by the qualified LB 775 applicants at the end of the quarter prior to the date of application with the total number of people employed in Nebraska on the most recent reporting date. No information is included for projects which are beyond the end of the seven-year entitlement period and are no longer earning new benefits. The total employment numbers for the projects which have selected and attained the \$20 million investment level are included in Table 12.

Table 12 **Total Number of People Employed
by Qualified LB 775 Applicants
by Industry Group**

Industry Group	End of Quarter Prior to Date of Application	Most Recent Reporting Date	Increase (Decrease)
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	1,570	2,271	701
Meat and Food Products	11,731	9,162	(2,569)
Printing, Paper, Chemical, Plastics, Rubber, Textile and Other Non-Durable Products	1,678	1,951	273
Primary and Fabricated Metals and Wood Product Manufacturing	1,868	2,450	582
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	7,651	8,875	1,224
Durable and Non-Durable Goods	2,997	2,945	(52)
Railroads, Trucking, Air Transportation and Warehousing	24,202	30,703	6,501
Publishing, Communications, Information and Data Processing Services	1,911	2,854	943
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	12,968	10,868	(2,100)
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	6,856	7,718	862
Total	73,432	79,797	6,365

LB 775 INDUSTRY GROUP DETAIL

Average Salary of New Employees

Tables 13 and 14 show the estimated average salary of new full-time equivalent (FTE) employees for 2007 and cumulative through 2007. The average salary for each industry group is the weighted average salary for that group.

The weighted average salary for a group is calculated by multiplying the number of new FTE employees for a company by the estimated annual salary of new employees at that company. This product is then added to the product for the other companies in the group, and the total is divided by the total number of new FTE employees in the group. For example:

	(1)	(2)	(3)	(4)
Company	New FTE Employees	Average Salary	Weighted Product (1 x 2)	Average Salary (3 ÷ 1)
A	10	\$30,000	\$300,000	
B	100	10,000	1,000,000	
C	20	20,000	400,000	
Group Total	130		\$1,700,000	\$13,077

Table 13 Average Salary of New Employees by Industry Group (2007)

Industry Group	Total New FTE Employees	Estimated Average Salary of New Employees
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	352	\$71,777
Meat and Food Products	275	40,729
Printing, Paper, Chemical, Plastics, Rubber and Other Non-Durable Products	93	29,878
Primary and Fabricated Metals	159	37,145
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	1,017	30,025
Durable and Non-Durable Goods	51	31,642
Railroads, Trucking, Air Transportation and Warehousing	1,579	64,744
Publishing, Communications, Information and Data Processing Services	(43)	N/A
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	408	38,752
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	588	41,537
Total	4,479	\$47,825*

*233,050,612 / 4,873 = 47,825 (Negative FTE employees and Adjustments excluded)

LB 775 INDUSTRY GROUP DETAIL

In Table 14 the cumulative average for each industry was calculated by using the most recently reported average wage and cumulative FTE employees reported for each project. If the cumulative FTE employees for the project was zero or less, the project was included as zero FTE employees.

**Table 14 Average Salary of New Employees by Industry Group
(Cumulative through 2007)**

Industry Group	Total New FTE Employees	Estimated Average Salary of New Employees
Construction, Electric and Gas, Stone, Clay, Glass and Concrete Products	1,633	\$42,667
Meat and Food Products	18,687	26,495
Printing, Paper, Chemical, Plastics, Rubber and Other Non-Durable Products	5,819	27,574
Primary and Fabricated Metals	1,983	29,972
Machinery, Electronic and Other Electrical Equipment, Computer, Furniture, Transportation Equipment, Instruments and Miscellaneous Manufacturing	11,237	29,419
Durable and Non-Durable Goods	4,569	28,812
Railroads, Trucking, Air Transportation and Warehousing	8,476	43,746
Publishing, Communications, Information and Data Processing Services	4,556	26,421
Depository Institutions and Non-depository Credit Institutions, Security and Commodity Brokers, Insurance Carriers, Insurance Agents and Brokers	14,792	33,420
Engineering, Business, Management, Scientific, Repair, Sanitary and Miscellaneous Services	14,051	28,351
Total	85,803	\$30,661**

**2,630,767,494 / 85,803 = 30,661

Summary of Benefits by Year Qualification Verified

Tables 15-25 separate the data for the 409 projects that have qualified for benefits by the end of 2007, into groups based on the year the Department originally verified the company had qualified for benefits.

When a company qualifies for benefits under LB 775, the Department of Revenue will verify its eligibility for initial credits and sales and use tax refunds as soon as the company has the necessary documentation prepared. In following years, the taxpayer files Form 775N with the Nebraska income tax return to claim additional credits.

The activity reported for companies who qualified from 1988 through 1997 have been combined into a single table to maintain confidentiality.

Table 15 **Summary of Benefits by Year**
(Companies Verified as Qualifying in 1988 to 1997)

	1988-2003*	2004	2005	2006	2007	Total
Investment Credits	\$1,087,999,036	\$ 833,639	\$272,457	(\$371,960)	\$8,952,382	\$1,097,685,554
New Jobs Credits	449,612,375	567,616	264,557	430,174	0	450,874,722
Total Credits Earned	<u>\$1,537,611,411</u>	<u>\$1,401,255</u>	<u>\$537,014</u>	<u>\$ 58,214</u>	<u>\$8,952,382</u>	\$1,548,560,276
Credits Used						
Income Tax	\$480,527,511	\$21,675,631	\$19,804,102	\$13,998,528	\$ 8,037,339	\$544,043,111
Sales/use Tax Refunds	474,311,849	40,186,992	55,538,405	22,629,784	24,091,646	616,758,676
Total Credits Used	<u>\$954,839,360</u>	<u>\$61,862,623</u>	<u>\$75,342,507</u>	<u>\$36,628,312</u>	<u>\$32,128,985</u>	\$1,160,801,787
Credits Expired	\$14,877,833	\$2,881,327	\$9,430,998	\$26,965,443	\$5,978,854	\$60,134,455
Qualified Investment	\$13,800,689,615	\$20,613,500	\$2,724,570	(\$3,719,600)	\$89,523,820	\$13,909,831,905
Direct Sales/Use Tax Refunds on Investment	\$454,204,914	\$6,492,739	\$821,027	\$1,183,027	\$1,926,688	\$464,628,395
New Jobs of Qualifying Companies	63,404	124	0	0	0	63,528
Pending Sales/Use Tax Refunds as of 12/31	N/A	N/A	N/A	N/A	N/A	N/A

* For detail by year see previous Annual Reports.

Table 16

**Summary of Benefits by Year
(Companies Verified as Qualifying in 1998)**

	1998-2003*	2004	2005	2006	2007	Total
Investment Credits	\$39,740,386	\$1,246,119	\$454,252	\$11,274,341	\$21,602	\$52,736,700
New Jobs Credits	14,420,363	1,013,298	435,422	661,394	0	16,530,477
Total Credits Earned	\$54,160,749	\$2,259,417	\$889,674	\$11,935,735	\$21,602	\$69,267,177
Credits Used						
Income Tax	\$13,739,284	\$1,104,168	\$1,846,390	\$1,316,991	\$1,127,835	\$19,134,668
Sales/use Tax Refunds	5,198,623	1,596,539	1,894,911	3,404,142	3,096,152	15,190,367
Total Credits Used	\$18,937,907	\$2,700,707	\$3,741,301	\$4,721,133	\$4,223,987	\$34,325,035
Credits Expired	\$0	\$0	\$0	\$360,159	\$0	\$360,159
Qualified Investment	\$728,769,513	\$12,461,190	\$4,542,500	\$112,743,410	\$216,020	\$858,732,633
Direct Sales/Use Tax Refunds on Investment	\$19,313,180	\$1,969,225	\$265,513	\$2,300,223	\$61,921	\$23,910,062
New Jobs of Qualifying Companies	1,840	(6)	73	124	0	2,031
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$1,217,568	\$963,641	\$2,762,260	\$2,150,741	N/A

* For detail by year see previous Annual Reports.

Table 17

**Summary of Benefits by Year
(Companies Verified as Qualifying in 1999)**

	1999-2003*	2004	2005	2006	2007	Total
Investment Credits	\$43,276,194	\$2,300,043	\$ 945,874	\$ 51,965	\$1,549,087	\$48,123,163
New Jobs Credits	15,558,556	3,554,343	\$2,005,115	76,312	351,217	21,545,543
Total Credits Earned	\$58,834,750	\$5,854,386	\$2,950,989	\$128,277	\$1,900,304	\$69,668,706
Credits Used						
Income Tax	\$16,760,438	\$4,805,847	\$3,216,824	\$3,347,731	\$2,578,174	\$30,709,014
Sales/use Tax Refunds	6,580,286	3,280,196	1,363,981	2,452,694	1,923,184	15,600,341
Total Credits Used	\$23,340,724	\$8,086,043	\$4,580,805	\$5,800,425	\$4,501,358	\$46,309,355
Credits Expired	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment	\$524,229,558	\$18,224,592	\$12,552,182	\$4,915,801	\$18,348,013	\$578,270,146
Direct Sales/Use Tax Refunds on Investment	\$16,235,629	\$2,055,858	\$1,060,630	\$186,576	\$299,670	\$19,838,363
New Jobs of Qualifying Companies	1,881	52	48	6	(6)	1,981
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$1,358,670	\$1,846,231	\$1,324,406	\$765,978	N/A

* For detail by year see previous Annual Reports.

Table 18

Summary of Benefits by Year (Companies Verified as Qualifying in 2000)

	2000-2003*	2004	2005	2006	2007	Total
Investment Credits	\$115,045,226	\$13,770,398	\$ 9,659,202	\$1,846,814	\$1,021,667	\$141,343,307
New Jobs Credits	9,615,480	2,922,003	3,463,076	413,459	264,260	16,678,278
Total Credits Earned	\$124,660,706	\$16,692,401	\$13,122,278	\$2,260,273	\$1,285,927	\$158,021,585
Credits Used						
Income Tax	\$10,555,838	\$ 517,036	\$2,741,334	\$3,100,365	\$ 269,045	\$17,183,618
Sales/use Tax Refunds	4,806,037	2,612,931	1,695,603	3,485,507	1,610,686	14,210,764
Total Credits Used	\$15,361,875	\$3,129,967	\$4,436,937	\$6,585,872	\$1,879,731	\$31,394,382
Credits Expired	\$0	\$0	\$1,299,099	\$18,009	\$0	\$1,317,108
Qualified Investment	\$1,211,778,241	\$146,784,342	\$100,092,686	\$20,076,346	\$10,216,670	\$1,488,948,285
Direct Sales/Use Tax Refunds on Investment	\$29,804,614	\$1,668,775	\$3,837,918	\$1,354,513	\$1,068,039	\$37,733,859
New Jobs of Qualifying Companies	1,504	412	(201)	(17)	119	1,817
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$2,989,818	\$3,069,743	\$1,590,846	\$3,405,223	N/A

* For detail by year see previous Annual Reports.

Table 19

Summary of Benefits by Year (Companies Verified as Qualifying in 2001)

	2001-2003*	2004	2005	2006	2007	Total
Investment Credits	\$24,206,185	\$3,328,043	\$1,855,057	\$4,294,802	\$2,617,646	\$36,301,733
New Jobs Credits	5,134,512	\$1,999,771	1,393,126	1,542,332	696,627	10,766,368
Total Credits Earned	\$29,340,697	\$5,327,814	\$3,248,183	\$5,837,134	\$3,314,273	\$47,068,101
Credits Used						
Income Tax	\$8,680,465	\$2,562,261	\$4,739,727	\$4,782,710	\$2,804,269	\$23,569,432
Sales/use Tax Refunds	2,116,994	\$1,171,928	1,104,255	1,388,459	1,575,843	7,357,479
Total Credits Used	\$10,797,459	\$3,734,189	\$5,843,982	\$6,171,169	\$4,380,112	\$30,926,911
Credits Expired	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment	\$242,061,850	\$33,280,430	\$18,550,570	\$42,948,020	\$26,176,460	\$363,017,330
Direct Sales/Use Tax Refunds on Investment	\$5,418,588	\$837,461	\$2,527,840	\$1,365,226	\$1,440,019	\$11,589,134
New Jobs of Qualifying Companies	1,597	86	(55)	53	1	1,682
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$2,200,590	\$1,027,721	\$1,426,598	\$2,182,521	N/A

* For detail by year see previous Annual Reports.

Table 20

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2002)**

	2002-2003*	2004	2005	2006	2007	Total
Investment Credits	\$24,037,965	\$2,527,465	\$6,571,561	\$2,257,707	\$2,795,148	\$38,189,846
New Jobs Credits	5,485,625	2,686,489	3,275,856	3,931,044	2,994,514	18,373,528
Total Credits Earned	\$29,523,590	\$5,213,954	\$9,847,417	\$6,188,751	\$5,789,662	\$56,563,374
Credits Used						
Income Tax	\$1,126,049	\$3,175,658	\$1,697,254	\$3,103,325	\$1,860,627	\$10,962,913
Sales/use Tax Refunds	473,870	2,045,281	1,567,224	1,932,015	4,398,883	10,417,273
Total Credits Used	\$1,599,919	\$5,220,939	\$3,264,478	\$5,035,340	\$6,259,510	\$21,380,186
Credits Expired	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment	\$240,379,650	\$25,274,650	\$65,715,610	\$22,577,070	\$27,951,480	\$381,898,460
Direct Sales/Use Tax Refunds on Investment	\$2,426,314	\$2,853,339	\$716,809	\$1,008,929	\$2,367,158	\$9,372,549
New Jobs of Qualifying Companies	1,632	(202)	396	362	27	2,215
Pending Sales/Use Tax Refunds as of 12/31	N/A	\$780,739	\$727,414	\$1,673,645	\$3,014,952	N/A

* For detail by year see previous Annual Reports.

Table 21

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2003)**

	2003	2004	2005	2006	2007	Total
Investment Credits	\$33,768,898	\$3,855,389	\$(24,452,653)	\$2,187,956	\$2,055,872	\$17,415,462
New Jobs Credits	2,376,097	1,449,899	2,342,595	1,853,447	2,031,325	10,053,363
Total Credits Earned	\$36,144,995	\$5,305,288	\$(22,110,058)	\$4,041,403	\$4,087,197	\$27,468,825
Credits Used						
Income Tax	\$0	\$992,437	\$646,454	\$1,006,775	\$323,070	\$ 2,968,736
Sales/use Tax Refunds	0	327,327	3,499,772	1,687,724	1,986,173	7,500,996
Total Credits Used	\$0	\$1,319,764	\$4,146,226	\$2,694,499	\$2,309,243	\$10,469,732
Credits Expired	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment	\$413,329,776	\$149,958,870	\$(211,787,358)	\$56,892,497	\$21,220,149	\$429,613,934
Direct Sales/Use Tax Refunds on Investment	\$6,635,855	\$8,590,815	\$(3,465,328)	\$1,964,408	\$3,353,772	\$17,079,522
New Jobs of Qualifying Companies	724	115	174	114	123	1,250
Pending Sales/Use Tax Refunds as of 12/31	\$3,760,284	\$1,335,569	\$1,960,766	\$4,148,929	\$1,559,110	N/A

Table 22

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2004)**

	2004	2005	2006	2007	Total
Investment Credits	\$19,258,304	\$11,740,876	\$28,843,532	\$13,465,092	\$ 73,307,804
New Jobs Credits	4,161,907	11,470,767	9,641,590	9,499,327	34,773,591
Total Credits Earned	<u>\$23,420,211</u>	<u>\$23,211,643</u>	<u>\$38,485,122</u>	<u>\$22,964,419</u>	\$108,081,395
Credits Used					
Income Tax	\$61,859	\$756,675	\$6,577,009	\$4,704,078	\$12,099,621
Sales/use Tax Refunds	0	193,904	1,310,687	906,214	2,410,805
Total Credits Used	<u>\$61,859</u>	<u>\$950,579</u>	<u>\$7,887,696</u>	<u>\$5,610,292</u>	\$14,510,427
Credits Expired	\$0	\$0	\$0	\$0	\$0
Qualified Investment	\$192,583,040	\$117,408,760	\$288,435,320	\$134,650,920	\$733,078,040
Direct Sales/Use Tax Refunds on Investment	\$173,497	\$2,703,402	\$10,627,729	\$5,615,614	\$19,120,242
New Jobs of Qualifying Companies	2,305	1,744	559	536	5,144
Pending Sales/Use Tax Refunds as of 12/31	\$48,956	\$7,170,583	\$1,237,640*	\$3,106,864	N/A

* Correction from last Annual Report.

Table 23

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2005)**

	2005	2006	2007	Total
Investment Credits	\$36,988,513	\$4,746,219	\$6,046,186	\$47,780,918
New Jobs Credits	2,749,913	2,223,454	3,946,340	8,919,707
Total Credits Earned	<u>\$39,738,426</u>	<u>\$6,969,673</u>	<u>\$9,992,526</u>	\$56,700,625
Credits Used				
Income Tax	\$77,515	\$ 733,782	\$10,632,201	\$11,443,498
Sales/use Tax Refunds	0	1,616,979	2,082,611	3,699,590
Total Credits Used	<u>\$77,515</u>	<u>\$2,350,761</u>	<u>\$12,714,812</u>	\$15,143,088
Credits Expired	0	0	0	\$0
Qualified Investment	\$418,898,061	\$99,766,599	\$59,281,543	\$577,946,203
Direct Sales/Use Tax Refunds on Investment	\$1,463,357	\$15,732,835	\$9,688,551	\$26,884,743
New Jobs of Qualifying Companies	783	141	650	1,574
Pending Sales/Use Tax Refunds as of 12/31	\$7,439,849	\$2,614,235	\$9,419,224	N/A

Table 24

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2006)**

	2006	2007	Total
Investment Credits	\$32,116,672	\$5,339,692	\$37,456,364
New Jobs Credits	3,350,987	3,879,517	7,230,504
Total Credits Earned	<u>\$35,467,659</u>	<u>\$9,219,209</u>	\$44,686,868
Credits Used			
Income Tax	\$438,521	\$4,795,333	\$5,233,854
Sales/use Tax Refunds	46,493	1,432,104	1,478,597
Total Credits Used	<u>\$485,014</u>	<u>\$6,227,437</u>	\$6,712,451
Credits Expired	\$0	\$0	\$0
Qualified Investment	\$341,437,258	\$69,593,569	\$411,030,827
Direct Sales/Use Tax Refunds on Investment	\$4,187,208	\$7,977,450	\$12,164,659
New Jobs of Qualifying Companies	1,552	252	1,804
Pending Sales/Use Tax Refunds as of 12/31	\$3,793,590	\$921,393	N/A

Table 25

**Summary of Benefits by Year
(Companies Verified as Qualifying in 2007)**

	2007	Total
Investment Credits	\$71,245,468	\$71,245,468
New Jobs Credits	10,750,308	10,750,308
Total Credits Earned	<u>\$81,995,776</u>	\$81,995,776
Credits Used		
Income Tax	\$4,805,928	\$4,805,928
Sales/use Tax Refunds	2,024,390	2,024,390
Total Credits Used	<u>\$6,830,318</u>	\$6,830,318
Credits Expired	\$0	\$0
Qualified Investment	\$1,293,909,317	\$1,293,909,317
Direct Sales/Use Tax Refunds on Investment	\$36,654,393	\$36,654,393
New Jobs of Qualifying Companies	2,777	2,777
Pending Sales/Use Tax Refunds as of 12/31	\$7,348,007	N/A

Projected Revenue Gains and (Losses) of LB 775, LB 829 as amended, and Invest Nebraska Act for Tax Years 1987-2007 Projects by Fiscal Years⁽²⁾

The estimates are based on a sample of 100 agreements and actual results of 531 projects, including 145 completed projects from 1987 through 2007. Employment and investment flows are projected at rates indicated by the corresponding company's applications. There were still three pending applications as of December 31, 2007 and it is anticipated that they will result in signed agreements.

All other pertinent information as provided in the applications, such as salary levels and investment composition (not all property is treated equally in regards to tax preferences) are taken into consideration.

The classification of jobs into new economic jobs or existing jobs (jobs that would have been created regardless of the existence of the Employment and Investment Growth Act) is based on the company provided description of the project. The model estimates that 30 percent of the jobs created are true new economic jobs.

The credits used estimate is based on the assumption of maximized use for each year either against corporate income tax, individual income tax and/or sales and use tax.

The time series analysis from 1987 to 2007 indicates that the usage of credits used against sales and use taxes paid averages 50 percent of credits used. This usage factor was used for the future allocation of credits used. The liability analysis of the calendar year simulation model is converted into a fiscal year cash flow model.

The estimated profitability (individual and corporate income tax liability available for credit set-off) is based on the historical profitability of the respective companies.

AVERAGE PER PROJECT⁽²⁾				
Year	# of Agreements Signed	\$ Million of Investment	Number of Employees	Salary Level
2008	2	12.0	80	*

⁽¹⁾ A detailed description of the model is available upon request.

(Methodology and Assumptions for LB 775 Benefit and Cost Estimate; Nebraska Department of Revenue, Finance and Research Division, August 1996.)

⁽²⁾ The investment and employment levels represent the entire investment and employment associated with the project through the entitlement period (employment levels represent the employees qualifying for credits).

* Suppressed to avoid disclosure of confidential information

**PROJECTED REVENUE GAINS OR (LOSSES) OF LB 775, LB 829 AS AMENDED, AND LB 620
FOR TAX YEARS 1987-2022 BY FISCAL YEAR**

Fiscal Year		07/08	08/09	09/10	10/11	11/12	12/13
SUMMARY	Expansion: Sales and Use	86,109,829	84,726,688	78,856,481	78,918,439	75,518,712	70,825,812
	Corporate	10,188,775	9,353,461	9,080,275	8,601,809	8,514,183	8,108,149
	Individual	38,519,442	37,632,060	35,174,702	35,008,099	33,613,158	31,573,584
	Sales and Use Tax Refunds TPP	39,790,789	38,184,603	35,208,714	31,311,434	26,420,872	20,321,688
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	103,282,840	104,575,022	103,337,954	98,926,052	92,157,617	83,189,773
	Corp. or Individ. & Wage Benefit Credit	54,739,905	55,424,762	59,936,013	57,377,110	50,686,689	45,754,375
	Sales and Use	48,542,935	49,150,260	43,401,941	41,548,942	41,470,928	37,435,398
	Credits Expired	6,837,679	6,648,908	5,593,660	5,630,916	6,173,062	6,629,158
	Gain or (Loss)	(8,255,583)	(11,047,416)	(15,435,209)	(7,709,140)	(932,436)	6,996,085
	Cumulative	(350,109,469)	(361,156,884)	(376,592,094)	(384,301,234)	(385,233,669)	(378,237,585)
	Sales Tax Refunds (TPP+Credits Used)	88,333,723	87,334,863	78,610,654	72,860,376	67,891,800	57,757,085
	Fiscal Year		13/14	14/15	15/16	16/17	17/18
SUMMARY	Expansion: Sales and Use	67,467,103	63,718,201	55,173,857	55,261,672	51,112,264	47,202,965
	Corporate	7,632,716	7,255,775	6,716,170	6,019,677	5,913,726	5,467,737
	Individual	30,039,927	28,389,590	24,756,011	24,512,540	22,810,396	21,068,281
	Sales and Use Tax Refunds TPP	14,316,702	9,815,548	6,504,697	3,899,483	2,055,510	1,021,159
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	72,376,126	61,405,314	51,068,501	42,059,107	34,502,905	28,201,921
	Corp. or Individ. & Wage Benefit Credit	39,806,869	35,615,082	29,619,730	24,394,282	20,011,685	16,357,114
	Sales and Use	32,569,257	25,790,232	21,448,770	17,664,825	14,491,220	11,844,807
	Credits Expired	6,799,085	6,653,629	6,372,728	7,001,580	9,622,598	11,539,636
	Gain or (Loss)	18,446,918	28,142,704	29,072,840	39,835,299	43,277,972	44,515,903
	Cumulative	(359,790,667)	(331,647,963)	(302,575,123)	(262,739,824)	(219,461,852)	(174,945,949)
	Sales Tax Refunds (TPP+Credits Used)	46,885,959	35,605,780	27,953,468	21,564,308	16,546,730	12,865,966
	Fiscal Year		19/20	20/21	21/22		
SUMMARY	Expansion: Sales and Use	43,422,474	40,057,545	32,382,927			
	Corporate	5,044,899	4,643,927	4,159,443			
	Individual	19,386,949	17,880,589	14,616,948			
	Sales and Use Tax Refunds TPP	558,457	320,292	163,034			
	Sales Only Formula	0	0	0			
	Credits and Wage Benefit Credit Used	23,455,829	18,787,205	11,964,284			
	Corp. or Individ. & Wage Benefit Credit	13,604,381	10,896,579	6,939,285			
	Sales and Use	9,851,448	7,890,626	5,024,999			
	Credits Expired	12,054,026	12,454,119	12,496,008			
	Gain or (Loss)	43,840,036	43,474,564	39,032,000			
	Cumulative	(131,105,913)	(87,631,349)	(48,599,349)			
Sales Tax Refunds (TPP+Credits Used)	10,409,906	8,210,918	5,188,033				

NOTE: Rounding differences may cause slight variations.

Table 34 Estimate of Personal Property Valuation Exempted Under LB 775 By Class In Each County (Tax Year 2007)

The following tables show the value of personal property exempted for 2007 and cumulative for tax years 1988-2007. When a company applies for LB 775 benefits under the \$10 million investment and 100 employees option, a personal property tax exemption is available for:

- Turbine-powered aircraft used in connection with the project.

The Department of Revenue conducts field reviews to verify that the companies have met the minimum of \$10 million investment and 100 employees to qualify for property tax exemption on the following property used in connection with the project:

- Mainframe business computers plus certain peripheral components connected to such computers.
- Personal property, which is business equipment located in a single project involved directly in the manufacture or processing of agricultural products.

County	Airplanes	Computer Equipment	Business Equipment	Total
Adams	\$ 0	\$ 0	\$ 51,035,316	\$ 51,035,316
Buffalo	0	42,274	0	42,274
Cheyenne	5,144,575	10,148,317	0	15,292,892
Colfax	0	0	14,909,247	14,909,247
Cuming	0	0	549,637	549,637
Dakota	0	0	69,521,453	69,521,453
Dixon	0	0	8,350,655	8,350,655
Dodge	0	0	8,630,670	8,630,670
Douglas	13,478,025	41,295,435	7,940,464	62,713,924
Hall	0	294,985	11,027,783	11,322,768
Knox	0	0	1,421,700	1,421,700
Lancaster.....	1,434,194	1,314,365	0	2,748,559
Lincoln	0	933,716	0	933,716
Madison.....	0	0	8,699,944	8,699,944
Otoe.....	0	0	10,655,164	10,655,164
Platte	0	0	3,579,306	3,579,306
Sarpy	0	6,323,340	76,757	6,400,097
Washington.....	0	0	86,351,918	86,351,918
Wayne.....	0	0	42,845	42,845
Total	\$20,056,793	\$60,352,432	\$282,792,859	\$363,202,084

Table 35 Estimate of Personal Property Valuation Exempted Under LB 775 By Class In Each County (Cumulative for Tax Years 1988-2007)

County	Airplanes	Computer Equipment	Business Equipment	Total
Adams	\$ 0	\$ 0	\$ 498,372,932	\$ 498,372,932
Box Butte	0	102,472	0	102,472
Buffalo	0	6,245,272	67,563	6,312,835
Butler	0	41,145	0	41,145
Cheyenne	16,342,845	68,011,598	0	84,354,443
Colfax	0	0	220,102,409	220,102,409
Cuming	0	0	16,263,139	16,263,139
Custer	0	663,100	10,194	673,294
Dakota	0	0	432,828,032	432,828,032
Dawes.....	0	171,909	0	171,909
Dawson.....	0	0	232,425,195	232,425,195
Dixon	0	504,272	169,337,009	169,841,281
Dodge	0	258,633	94,462,765	94,721,398
Douglas	487,236,003	2,094,029,078	694,945,688	3,276,210,769
Gage.....	0	62,719	1,344,011	1,406,730
Hall	6,266,267	3,623,059	119,781,508	129,670,834
Knox	0	0	70,599,152	70,599,152
Lancaster.....	33,834,559	83,156,710	242,968	117,234,237
Lincoln	0	6,428,556	48,451	6,477,007
Madison.....	0	6,943	205,307,977	205,314,920
Otoe.....	0	0	82,043,832	82,043,832
Phelps.....	0	1,539,181	0	1,539,181
Platte	0	9,052,197	1,185,564,169	1,194,616,366
Red Willow.....	0	0	37,941	37,941
Saline.....	0	6,499,890	253,415,786	259,915,676
Sarpy	7,911,346	81,273,869	46,782,871	135,968,086
Scotts Bluff	0	345,383	0	345,383
Seward	0	141,359	0	141,359
Washington.....	0	340,809	1,547,461,600	1,547,802,409
Wayne.....	0	117,223	180,702	297,925
York.....	0	366,371	0	366,371
*Central.....	76,497,583	0	0	76,497,583
Total	\$628,088,602	\$2,362,981,748	\$5,871,625,894	\$8,862,696,244

* Centrally assessed property with value distributed throughout the state. These figures represent our estimates of the values exempted.

*Quality Jobs Act LB 829
(as amended by LB 1368)
Report Requirements*



Neb. Rev. Stat. §77-4933 states:

(1) The Department of Revenue shall submit an annual report to the Legislature no later than July 15 each year. The report shall list (a) the agreements which have been signed during the previous calendar year, (b) the agreements which are still in effect, (c) the identity of each company, and (d) the location of each project.

(2) The report shall also state by industry group (a) the amount of wage benefit credits allowed under the Quality Jobs Act, (b) the number of direct jobs created at the project, (c) the amount of direct capital investment under the act, (d) the estimated wage levels of jobs created by the companies at the projects, (e) the estimated indirect jobs and investment created on account of the projects, and (f) the projected future state and local revenue gains and losses from all revenue sources on account of the direct and indirect jobs and investment created on account of the project.

(3) No information shall be provided in the report that is protected by state or federal confidentiality laws.

LB 829 (as amended by LB 1368) Qualified Activity Reported in 2007

The Quality Jobs Act, LB 829, requires a separate application subject to approval by the Quality Jobs Board. The members of the board are the Governor, the State Treasurer, and the chairperson of the Nebraska Investment Council. A qualifying business must invest at least \$50 million in qualified property and hire at least 500 new employees or invest at least \$100 million in qualified property and hire at least 250 new employees. If the company reaches and maintains these levels, they are eligible for a wage benefit credit. The company is to expend at least the value of the wage benefit credit for company training programs, employee benefit programs, educational institution training programs or workplace safety programs.

There are three active agreements signed under LB 829. The agreement specifies whether the company has elected to use the credit against the company's income tax or has elected to retain a portion of the Nebraska individual income tax withholding as designated by the employees.

New LB 829 applications were no longer accepted after February 1, 2000.

Wage benefit credits were allowed for 1997 through 2007, however due to confidentiality no information is reported.

Agreements Signed in 1996 That are Still in Effect

Company Name	Project Type	Project Location
1. Union Pacific Railroad Company	\$100M + 250 emp	Omaha

Agreements Signed in 1997 That are Still in Effect

Company Name	Project Type	Project Location
1. First Data Corporation	\$60M + 2000 emp	Omaha

Agreements Signed in 1998 That are Still in Effect

Company Name	Project Type	Project Location
1. Nebraska Beef, Ltd.	\$69M + 936 emp	Omaha

*Employment Expansion and
Investment Incentive Act LB 1124,
LB 270, as amended
Report Requirements*

////////////////////////////////////

Neb. Rev. Stat. §77-27,195 states: (prior to amendment by LB 608 in 2003)

Report; contents. (1) The Tax Commissioner shall prepare a report identifying the amount of investment in this state and the number of equivalent jobs created by each taxpayer claiming a credit pursuant to the Employment Expansion and Investment Incentive Act. The report shall include the amount of credits claimed in the aggregate. The report shall be issued on or before March 15 of each year beginning with March 15, 1988, for all credits allowed during the previous calendar year.

(2) In the report for any year in which a taxpayer located in an enterprise zone designated pursuant to the Enterprise Zone Act claimed a credit pursuant to subsection (3) of section 77-27,188, the Tax Commissioner shall identify (a) the amount of investment made in each enterprise zone by all taxpayers claiming credits, (b) the number of jobs created in each enterprise zone by all taxpayers claiming credits, (c) the number of jobs created in each enterprise zone by all taxpayers claiming credits held by residents of the enterprise zone, and (d) the average wage on an hourly basis or the average annual salary of new jobs created in each enterprise zone by all taxpayers claiming credits.

LB 1124, LB 270, as amended Qualified Activity Reported in 2007

A separate application process is not required for this incentive program. The number of credits earned, jobs created, and investment made is reported by the filing a Nebraska Employment and Investment Credit Computation, Form 3800N, with a tax return. In order to earn credits, a company must be in a qualifying business and within the taxable year have an increase of \$75,000 in qualifying investment and two new full-time equivalent employees. For five years after the initial year of qualification, the business may receive additional credits for new employees without any additional investment.

This report includes 1998 through 2006 tax returns processed during 2007. A total of 1,382 separate businesses have filed for benefits under LB 1124 through 2007.

In 2007, the department approved 63 returns from businesses, eight of which reported new investment made and/or employees hired for the year 2003 or earlier. These eight returns reflected the following:

- Net new investment of \$3,366,880
- New full-time jobs of 39
- Credits of \$100,500

Forty-seven returns processed in 2007 showed maintenance of past levels of employment and investment. If a taxpayer fails to maintain the required levels of investment and employment for at least two years after the year for which the credit was first allowed, part of the used and unused credits are subject to recapture. During the subsequent two years, the taxpayer must repay to the state one-third of the amount of the credit subject to recapture for each year that the taxpayer did not maintain the required levels. Eight returns processed in 2007 reported recapture of past credits.

Credits may be carried over and used for the five immediately succeeding taxable years. Any credit carryover remaining at the end of the fifth year expires.

Legislative Change:

LB 608 was passed during the 2003 legislative session. LB 608 changed the provisions of the Employment Expansion and Investment Incentive Act, the Act. The provisions of the Act, as described at the top of this page, are effective for tax years before 2004. For tax years beginning on or after January 1, 2004, the provisions of LB 608 must be met in order to earn credits under the Act.

A company which created credits in tax years before 2004 may use these credits during its five year carryover period. The company must file to show maintenance of the required investment and employment levels for two years.

Business Activity Summary

	Processed 1988-2003 ^(a)	Processed In 2004	Processed In 2005	Processed In 2006	Processed in 2007	Total
Investment	\$1,558,799,389	\$93,793,170	\$39,955,192	\$9,520,969	\$3,366,880 ^(c)	\$1,705,435,600
Employees	28,412 ^(b)	559	553	74	39 ^(d)	29,637
Credits	\$58,985,652	\$2,022,370	\$1,291,974 ^(e)	\$231,000	\$100,500	\$62,631,496
LB 335 Credits	256,000	0				256,000
Enterprise Zone Credits	\$ 746,500	\$ 75,000	\$ 101,000	\$ 0	\$ 0	\$ 922,500
Total Credit	<u>\$59,988,152</u>	<u>\$2,097,370</u>	<u>\$1,392,974</u>	<u>\$231,000</u>	<u>\$100,500</u>	\$63,809,996
Credits Used:						
Income Tax	\$27,195,477	\$821,188	\$1,101,948	\$132,831	\$261,372	\$29,512,816
Sales Tax	19,902,465	819,289	995,834	471,660	213,682	22,402,930
Credits Recaptured:						
Income Tax	\$1,974,869	\$354,577	\$122,226	\$18,733	\$26,667	\$2,497,072
Sales Tax	305,916	3,510	0	0	0	309,426
Unused Credit Carryover Recaptured	\$2,471,118	\$169,476	\$126,713	\$22,764	\$63,166	\$2,853,237
Credits Expired	\$978,260	\$21,234	\$43,785	\$2,144,324	\$4,488	\$3,192,091

^(a) For detail by year see previous Annual Reports

^(b) LB886 which was passed in 1997 changed the definition of a new employee from a full-time employee to a full-time equivalent employee operative for tax years beginning on or after January 1, 1998. This employee number includes full-time employees for 1997 and earlier tax years and full-time equivalent employees for 1998 and later tax years.

^(c) 1998 returns	\$ 99,012	^(d) 1998 returns	5
1999 returns	1,136,151	1999 returns	4
2000 returns	1,178,580	2000 returns	6
2002 returns	415,999	2002 returns	17
2003 returns	537,138	2003 returns	7
	<u>\$3,366,880</u>		<u>39</u>

^(e) Credits earned are not a multiple of \$1,500 per employment credit and \$1,000 per investment credit due to an audit which recovered remaining carryforward credits.

1998–2003 Business Activity (Processed in 2007)

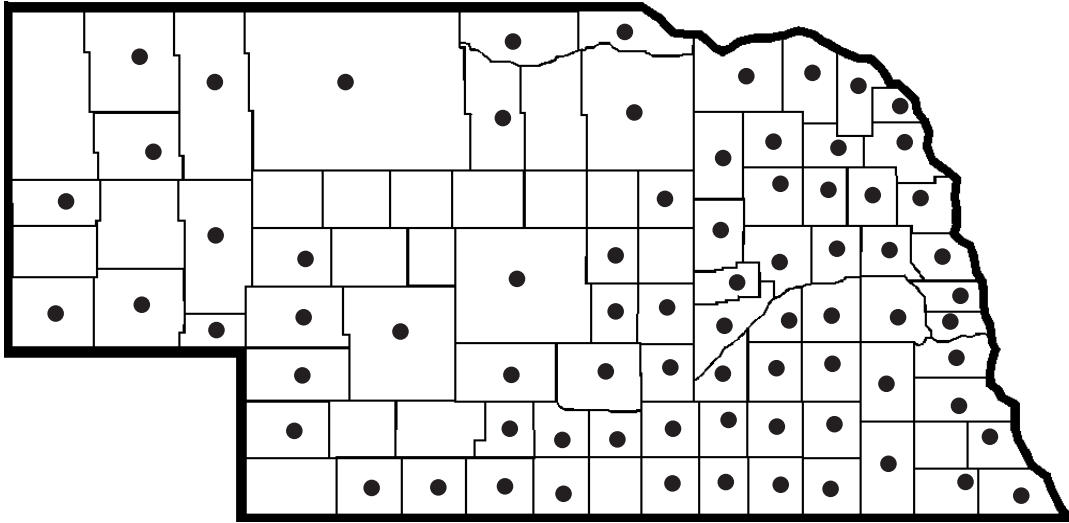
	Net New Investment	Jobs
1	1,136,151	4
2	1,178,580	4
3	438,154	4
4	257,717	4
5	158,282	13
6	99,012	5
7	98,984	3
8	0	2
	<hr/>	<hr/>
	3,366,880	39
Prior year amended Returns and Audit Adjustments	0	0
	<hr/>	<hr/>
	3,366,880	39
	<hr/> <hr/>	<hr/> <hr/>

Enterprise Zone Act, LB 1124 as amended

Incentive credits earned under the Enterprise Zone Act are based on the provisions of LB 1124 but allow for higher level of credits. The Enterprise Zone Act provides a higher employment credit for companies engaged in a qualifying business within the defined enterprise zones and employing residents of the zone. If at least 50 percent of the new employees reside within the enterprise zone, then the company also receives additional credits for new investment. The credits provided under this subsection shall not exceed \$75,000 in any one tax year. In addition to the requirements to maintain the employment and investment levels for two years that are required of any LB 1124 company, those earning credits under the Enterprise Zone Act for tax years starting before January 1, 2001 need to maintain the number of new employees residing in the enterprise zone.

The Nebraska Employment and Investment Credit Computation, Form 3800N, filed with a tax return is the method to report credits earned, investment made, jobs created for employees in total and for residents of the zone. In 2007, businesses within the enterprise zones did not claim any new credits.

LB 1124
(as amended by LB 270, LB 335, and LB 725)
Location of Expansion



Ainsworth	Clarkson	Grand Island	Madrid	St. Edward
Albion	Clearwater	Gresham	Mead	St. Paul
Alda	Cody	Gretna	Milford	Sargent
Alma	Columbus	Gurley	Milligan	Schuyler
Allen	Cozad	Hampton	Minden	Scottsbluff
Alliance	Crete	Hardy	Morrill	Seward
Ansley	Crofton	Hartington	Murdock	Shelby
Arapahoe	Culbertson	Hastings	Nebraska City	Shickley
Arcadia	Dakota City	Heartwell	Neligh	Sidney
Arthur	David City	Hebron	Nickerson	Snyder
Ashland	Deshler	Hemingford	Norfolk	South Sioux City
Atkinson	Diller	Henderson	North Bend	Spencer
Auburn	Dodge	Hickman	North Loup	Springfield
Aurora	Doniphan	Holbrook	North Platte	Springview
Bartlett	Dorchester	Holdrege	Ogallala	Stanton
Battle Creek	Douglas	Hoskins	O'Neill	Stratton
Beatrice	Eddyville	Howells	Omaha	Sumner
Beemer	Edison	Humboldt	Orchard	Sutton
Bellevue	Elkhorn	Humphrey	Osceola	Syracuse
Bennet	Elm Creek	Imperial	Oshkosh	Tekamah
Bennington	Elwood	Juanita	Oxford	Thurston
Big Springs	Emerson	Kearney	Page	Utica
Blair	Endicott	Kimball	Palmer	Valley
Bloomfield	Exeter	Laurel	Papillion	Venango
Blue Hill	Fairbury	LaVista	Pender	Waco
Broken Bow	Fairmont	Leigh	Peru	Wahoo
Bruning	Falls City	Lexington	Petersburg	Waterloo
Brunswick	Farnam	Lincoln	Pilger	Waverly
Cairo	Farwell	Lindsay	Plainview	Wayne
Cambridge	Fremont	Lisco	Plattsmouth	Weeping Water
Cedar Rapids	Fullerton	Litchfield	Pleasanton	West Point
Central City	Geneva	Long Pine	Plymouth	Wisner
Chadron	Genoa	Louisville	Primrose	York
Chapman	Gering	Lyman	Ralston	
Chappell	Gibbon	Lyons	Randolph	
Chambers	Gordon	McCook	Red Cloud	
Clarks	Gothenburg	Madison	Royal	

Invest Nebraska Act, LB 620, as amended

Reporting Requirements



Neb. Rev. Stat. 77-5542 States:

(1) The Department of Revenue shall submit an annual report to the Legislature no later than July 15 each year. The report shall list (a) the agreements which have been signed during the previous calendar year, (b) the agreements which are still in effect, (c) the identity of each company, and (d) the location of each project.

(2) The report shall also state by industry group (a) the amount of wage benefit credits and investment tax credits allowed under the Invest Nebraska Act, (b) the number of direct jobs created at the projects, (c) the amount of direct capital investment under the act, (d) the estimated wage levels of jobs created by the companies at the projects, (e) the estimated indirect jobs and investment created on account of the projects, and (f) the projected future state and local revenue gains and losses from all revenue sources on account of the direct and indirect jobs and investment created on account of the projects.

(3) No information shall be provided in the report that is protected by state or federal confidentiality laws.

Invest Nebraska Act, LB 620 Qualified Activity Reported in 2007

The Invest Nebraska Act requires a separate application subject to approval by the Invest Nebraska Board. The members of the board are the Governor, the State Treasurer, and the chairperson on the Nebraska Investment Council. A qualifying business selects one of the following options in their application:

1. \$10 million investment and 25 new employees whose annual wage exceeds the Nebraska average annual wage. This option is only available for projects located outside of counties with 100,000 or more in population.
2. \$50 million investment and 500 new employees OR \$100M and 250 new employees. The new employees' annual wage must exceed 110% of the Nebraska average annual wage.
3. \$200 million investment and 500 new employees whose annual wage exceeds 120% of the Nebraska average annual wage.

If the company reaches and maintains the selected level, they are eligible for benefits. An eligible company earns a wage benefit credit from zero to five percent of the taxable wages paid to new employees earning more than the required wage level. A company selecting Option 3 may receive, in lieu of a wage benefit credit, an alternate investment tax credit equal to 15 percent of the investment. The company is to expend at least the value of the wage benefit credit or alternate investment tax credit for company training programs, employee benefit programs, educational institution training programs or workplace safety programs.

The agreement specifies the option elected and the available benefits. The wage benefit credit and the alternate investment tax credit may be used for 100% of the income tax liability. The wage benefit credit may also be used to retain a portion of the Nebraska individual income tax withholding employer liability.

Fourteen applications have been approved by the Invest Nebraska Board and all LB 620 agreements have been signed. New LB 620 applications were no longer accepted after June 1, 2005.

As of December 31, 2007, qualified investment and new jobs were reported and credits were allowed. However, due to the small number of companies receiving benefits and to maintain confidentiality, no information is reported.

Agreements Signed in 2001 That are Still in Effect

Company Name	Project Type	Project Location
1. Union Pacific Railroad Company	\$200M + 500 emp	Omaha

Agreements Signed in 2003 That are Still in Effect

Company Name	Project Type	Project Location
1. American Meter Company, Inc.	\$33M + 80 emp	Nebraska City
2. Natura Manufacturing Inc.	\$10M + 25 emp	Fremont
3. Nordic Biofuels of Ravenna, LLC	\$95M + 100 emp	Ravenna
4. Wal-Mart Stores East, Inc.	\$10M + 25 emp	North Platte

Agreements Signed in 2004 That are Still in Effect

Company Name	Project Type	Project Location
1. Beef Products, Inc.	\$15M + 25 emp	South Sioux City
2. Degussa Corporation	\$75M + 30 emp	Blair
3. Platte Valley Fuel Ethanol, LLC	\$55M + 32 emp	Central City and Columbus
4. Trenton Agri Products, LLC	\$32M + 27 emp	Trenton

Agreements Signed in 2005 That are Still in Effect

Company Name	Project Type	Project Location
1. E Energy Adams, LLC	\$68M + 32 emp	Adams
2. NE Colorado Cellular, Inc.	\$11.5M + 32 emp	Grand Island, Hastings, Norfolk, North Platte, Scottsbluff, and other locations in western and central Nebraska
3. S W Energy, LLC	\$55M + 44 emp	McCook
4. Standard Iron, Inc.	\$10.6M + 31 emp	Grand Island

Agreements Signed in 2006 That are Still in Effect

Company Name	Project Type	Project Location
1. Siouxland Ethanol LLC	\$57M + 35 emp	Jackson