

## LEGISLATIVE BILL 555

Approved by the Governor May 27, 2009

Introduced by White, 8; Mello, 5; Campbell, 25; McGill, 26; Nantkes, 46.

FOR AN ACT relating to the Nebraska Advantage Research and Development Act; to amend section 77-5803, Revised Statutes Cumulative Supplement, 2008; to change the research tax credit; to provide an operative date; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 77-5803, Revised Statutes Cumulative Supplement, 2008, is amended to read:

77-5803 ~~(1)~~ Any (1)(a) Except as provided in subdivision (1)(b) of this section, any business firm which makes expenditures in research and experimental activities as defined in section 174 of the Internal Revenue Code of 1986, as amended, in this state shall be allowed a research tax credit as provided in the Nebraska Advantage Research and Development Act. The credit amount under this subdivision shall equal fifteen percent of the federal credit allowed under section 41 of the Internal Revenue Code of 1986, as amended, or as apportioned to this state under subsection (2) of this section. The credit shall be allowed for the first tax year it is claimed and for the four tax years immediately following.

(b) Any business firm which makes expenditures in research and experimental activities as defined in section 174 of the Internal Revenue Code of 1986, as amended, on the campus of a college or university in this state or at a facility owned by a college or university in this state shall be allowed a research tax credit as provided in the Nebraska Advantage Research and Development Act. The credit amount under this subdivision shall equal thirty-five percent of the federal credit allowed under section 41 of the Internal Revenue Code of 1986, as amended, or as apportioned to this state under subsection (2) of this section. The credit shall be allowed for the first tax year it is claimed and for the four tax years immediately following.

(2) For any business firm doing business both within and without this state, the amount of the federal credit may be determined either by dividing the amount expended in research and experimental activities in this state in any tax year by the total amount expended in research and experimental activities or by apportioning the amount of the credit on the federal income tax return to the state based on the average of the property factor as determined in section 77-2734.12 and the payroll factor as determined in section 77-2734.13.

Sec. 2. This act becomes operative for taxable years beginning or deemed to begin on or after January 1, 2009, under the Internal Revenue Code of 1986, as amended.

Sec. 3. Original section 77-5803, Revised Statutes Cumulative Supplement, 2008, is repealed.