

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 18**

Introduced by Kolterman, 24.

Read first time January 07, 2021

Committee: Revenue

- 1 A BILL FOR AN ACT relating to the Imagine Nebraska Act; to amend sections
- 2 77-6810 and 77-6818, Revised Statutes Cumulative Supplement, 2020;
- 3 to change provisions relating to equivalent employees and qualified
- 4 locations; to repeal the original sections; and to declare an
- 5 emergency.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-6810, Revised Statutes Cumulative Supplement,  
2 2020, is amended to read:

3 77-6810 Equivalent employees means the number of employees computed  
4 by dividing the total hours paid in a year by the product of forty times  
5 the number of weeks in a year. Only the hours paid to employees who were  
6 employed in Nebraska and subject to the Nebraska income tax on  
7 compensation received from the taxpayer ~~are residents of this state~~ shall  
8 be included in such computation. A salaried employee who receives a  
9 predetermined amount of compensation each pay period on a weekly or less  
10 frequent basis is deemed to have been paid for forty hours per week  
11 during the pay period.

12 Sec. 2. Section 77-6818, Revised Statutes Cumulative Supplement,  
13 2020, is amended to read:

14 77-6818 (1) Qualified location means a location at which the  
15 majority of the business activities conducted are within one or more of  
16 the following NAICS codes or the following descriptions:

17 (a) Manufacturing - 31, 32, or 33, including pre-production  
18 services;

19 (b) Testing Laboratories - 541380;

20 (c) Rail Transportation - 482;

21 (d) Truck Transportation - 484;

22 (e) Insurance Carriers - 5241;

23 (f) Wired Telecommunications Carriers - 517311;

24 (g) Wireless Telecommunications Carriers (except Satellite) -  
25 517312;

26 (h) Telemarketing Bureaus and Other Contact Centers - 561422;

27 (i) Data Processing, Hosting, and Related Services - 518210;

28 (j) Computer Facilities Management Services - 541513;

29 (k) Warehousing and Storage - 4931;

30 (l) The administrative management of the taxpayer's activities,  
31 including headquarter facilities relating to such activities, or the

1 administrative management of any of the activities of any business entity  
2 or entities in which the taxpayer or a group of its owners hold any  
3 direct or indirect ownership interest of at least ten percent, including  
4 headquarter facilities relating to such activities;

5 (m) Logistics Facilities - Portions of NAICS 488210, 488310, and  
6 488490 dealing with independently operated trucking terminals,  
7 independently operated railroad and railway terminals, and waterfront  
8 terminal and port facility operations;

9 (n) Services provided on aircraft brought into this state by an  
10 individual who is a resident of another state or any other person who has  
11 a business location in another state when the aircraft is not to be  
12 registered or based in this state and will not remain in this state more  
13 than ten days after the service is completed;

14 (o) The conducting of research, development, or testing, or any  
15 combination thereof, for scientific, agricultural, animal husbandry, food  
16 product, industrial, or technology purposes;

17 (p) The production of electricity by using one or more sources of  
18 renewable energy to produce electricity for sale. For purposes of this  
19 subdivision, sources of renewable energy includes, but is not limited to,  
20 wind, solar, energy storage, geothermal, hydroelectric, biomass, and  
21 transmutation of elements;

22 (q) Computer Systems Design and Related Services - 5415;~~or~~

23 (r) The performance of financial services. For purposes of this  
24 subdivision, financial services includes only financial services provided  
25 by any financial institution subject to tax under Chapter 77, article 38,  
26 or any person or entity licensed by the Department of Banking and Finance  
27 or the federal Securities and Exchange Commission; ~~or~~

28 (s) Postharvest Crop Activities (except Cotton Ginning) - 115114; or

29 (t) The processing of tangible personal property. For purposes of  
30 this subdivision, processing means to subject to a particular method,  
31 system, or technique of preparation, handling, or other treatment

1 designed to prepare tangible personal property for market, manufacture,  
2 or other commercial use which does not result in the transformation of  
3 such property into a substantially different character.

4 (2)(a) Qualified location also includes any other business location  
5 if at least seventy-five percent of the revenue derived at the location  
6 is from sales to customers who are not related persons which are  
7 delivered or provided from the qualified location to a location that is  
8 not within Nebraska according to the sourcing rules in subsections (2)  
9 and (3) of section 77-2734.14. Intermediate sales to related persons are  
10 included as sales to customers delivered or provided to a location  
11 outside Nebraska if the related person delivers or provides the goods or  
12 services to a location outside Nebraska. Even if a location meets the  
13 seventy-five percent requirement of this subdivision, such location shall  
14 not constitute a qualified location under this subdivision if the  
15 majority of the business activities conducted at such location are within  
16 any of the following NAICS codes or any combination thereof:

17 (i) Agriculture, Forestry, Fishing and Hunting - 11, excluding NAICS  
18 code 115114;

19 (ii) Transportation and Warehousing - 48-49;

20 (iii) Information - 51;

21 (iv) Utilities - 22;

22 (v) Mining, Quarrying, and Oil and Gas Extraction - 21;

23 (vi) Public Administration - 92; or

24 (vii) Construction - 23.

25 (b) The director may adopt and promulgate rules and regulations  
26 establishing an alternative method in circumstances in which subdivision  
27 (2)(a) of this section does not accurately reflect the out-of-state sales  
28 taking place at locations within Nebraska for a particular industry.

29 (3) The determination of the majority of the business activities  
30 shall be made based on the number of employees working in the respective  
31 business activities. The director may adopt and promulgate rules and

1 regulations establishing an alternative method in circumstances in which  
2 other factors provide a better reflection of business activities.

3 (4) The delineation of the types of business activities which enable  
4 a location to constitute a qualified location is based on the state's  
5 intention to attract certain types of business activities and to  
6 responsibly accomplish the purposes of the Imagine Nebraska Act by  
7 directing the state's incentive capabilities towards business activities  
8 which, due to their national nature, could locate outside of Nebraska and  
9 which therefore would, through the use of incentives, be motivated to  
10 locate in Nebraska. By listing specific types of business activities in  
11 subsection (1) of this section, the state has determined such business  
12 activities by their nature meet these objectives. By specifying the  
13 national nature of a taxpayer's revenue in subsection (2) of this  
14 section, the state has determined that certain other types of business  
15 activities can meet these objectives.

16 Sec. 3. Original sections 77-6810 and 77-6818, Revised Statutes  
17 Cumulative Supplement, 2020, are repealed.

18 Sec. 4. Since an emergency exists, this act takes effect when  
19 passed and approved according to law.