

One Hundred Seventh Legislature - First Session - 2021

Introducer's Statement of Intent

LB366

Chairperson: Senator Lou Ann Linehan

Committee: Revenue

Date of Hearing: February 04, 2021

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The purpose of LB 366 is to adapt the Nebraska Advantage Microenterprise Tax Credit to modern needs. Many businesses have put off needed investments during 2020. Making these five strategic improvements today will help ensure this tool is available to entrepreneurs seeking to recover and grow their businesses in 2021 and beyond.

The first updates restrictions on related parties. Current limits prohibit any linear family members from using the program once another relative has used it. This update would allow family members to participate so long as the businesses and ownership are completely separate.

The second extends the program through 2024; currently it is set to expire in 2022. The third decreases the credit from 20 percent to 10 percent for eligible depreciable personal property. All other eligible investments will remain credited at 20 percent. This adjustment places more weight on job creation and income growth.

The fourth raises the lifetime tax credits claimed by any one person under this program from \$10,000 to \$20,000. This adjustment reflects changes in the cost of doing business that have taken place since 2005, when the credit was first implemented.

Lastly, the fifth improvement strengthens the reporting requirement. The bill asks the Department of Revenue to add information to the report they submit each year to the Appropriations Committee. These new requirements include adding the identity of the taxpayer earning credits, the location of their business, the new investment or employment actually produced, and the total credits used over a two-year period.

Principal Introducer: _____

Senator Tom Briese