

April 8, 1986

LB 1124A

SENATOR WESELY: It's an estimate of \$200,000 for the '87-88 fiscal year which would be next year. It won't have any impact for this year in terms of lost revenue.

SENATOR HIGGINS: As I read this handout, I don't know whose it is, there is no initials on it, allows a nonrefundable credit against the income tax of any qualifying business which increases the employment of such business by the equivalent to two full-time employees and which makes an investment in the state of at least 100,000 during a taxable year. The amount of the credit shall be 500 for each new employee and 500 for each 100,000 of investment. Is there any limit, Senator, on the number of employees that they get the \$500 credit on?

SENATOR WESELY: The limit is that no more than half of your corporate income tax could be returned in terms of credit, so there is that limit.

SENATOR HIGGINS: Does this have to be a new business then?

SENATOR WESELY: Oh, no, no. It would also apply to new jobs, generally, I think.

SENATOR HIGGINS: So Mutual of Omaha, the employees may be eight or 9,000 people or Union Pacific, if they just reclassify those jobs...

SENATOR WESELY: Oh, no.

SENATOR HIGGINS: ...they could call that new jobs.

SENATOR WESELY: No. No, you'd have to actually...it would be a new business that is created or an expansion in the business.

SENATOR HIGGINS: Well I recall when Douglas County granted a great big IDA bond, tax free interest, for a fellow that said he was going to use the money to build onto his business and he built a nice showroom and he didn't hire any new employees. Who checks on this? Who checks to see if new employees are hired? Nobody does that I know of in Douglas County. But who is going to check?

SENATOR WESELY: The Revenue Department is given that authority and this is a credit so it's after the fact. You create the job and then you claim the credit and then the Revenue Department