

Nebraska New Markets Job Growth Investment Act: Performance on Selected Metrics



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New Markets Job Growth Investment Act

Enacted in 2012 and modeled after the federal program, the Nebraska New Markets Job Growth Investment Act encourages investment in lower-income rural and urban areas of the state. The program is subject to an **annual cap of \$15 million in tax credits**.

Report Finding: Federal New Markets Tax Credit investment in Nebraska increased significantly after the Nebraska New Markets program was created, from an average of \$6 million annually to an average of more than \$44 million annually.

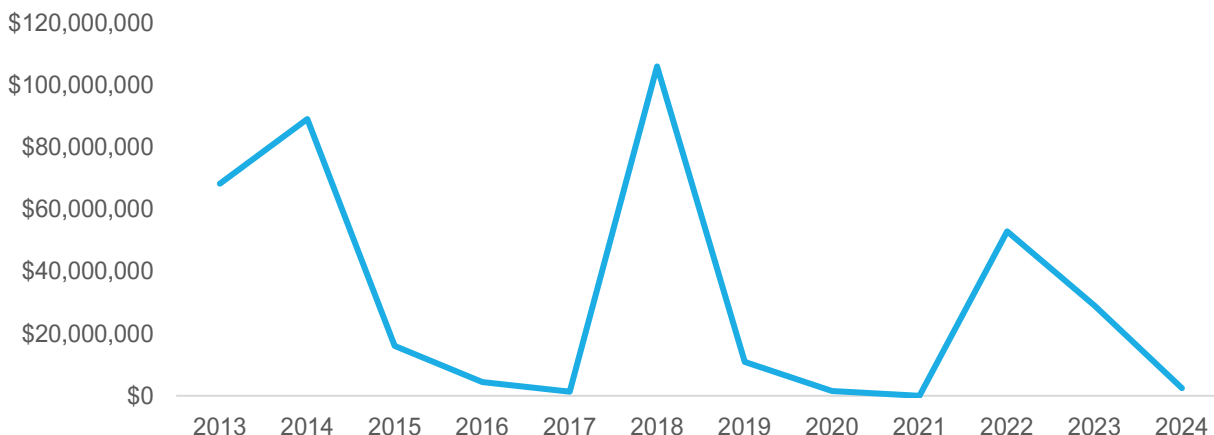
Unlike most tax incentive programs, which directly provide benefits such as tax credits to businesses that meet specified goals (e.g., job creation), the structure of the New Markets program is more complex. The three primary participants in the program are tax credit investors, community development entities, and local businesses.

Tax credit investors provide capital for investment, often combining their funds with financing from another type of investor known as a “leverage lender.” In return, tax credit investors become eligible to earn tax credits, equal to **39% of an investment**, based on the total qualified investment. Community development entities receive these funds, identify eligible local businesses in low-income areas, and distribute financing to those businesses through loans or equity investments. There are no job creation or wage level requirements for either the federal or state programs.

Program Participation and Investment

From 2013 through 2024, **54 unique local businesses** participated in the New Markets program and received approximately **\$382 million in total investment**. During this period, there were three clear spikes in investment activity: at the beginning of the program, in 2018, and in 2022. These spikes generally correspond to the timing of prior investment and tax credit cycles.

New Markets investment in local businesses were highest in 2013-2014, 2018, and 2022.



Source: Audit Office analysis of Department of Revenue data.

Job Creation

Of the 54 companies that received investment through the New Markets program from 2013 to 2024, 52 **collectively increased employment by 843 employees**. One company, however, accounted for 597 of those employees (71%), while the remaining 51 businesses accounted for an increase of 249 employees (29%) since beginning participation in the program.

Almost **half of businesses (44%) had lower employment** at the end of 2024 than when they received their initial investment through the program.

Urban vs. Rural Investment and Employment

Urban companies **increased** employment by **903 employees**. Rural companies **decreased** employment by **60 employees**.

Urban New Markets companies received twice as much investment as rural companies.

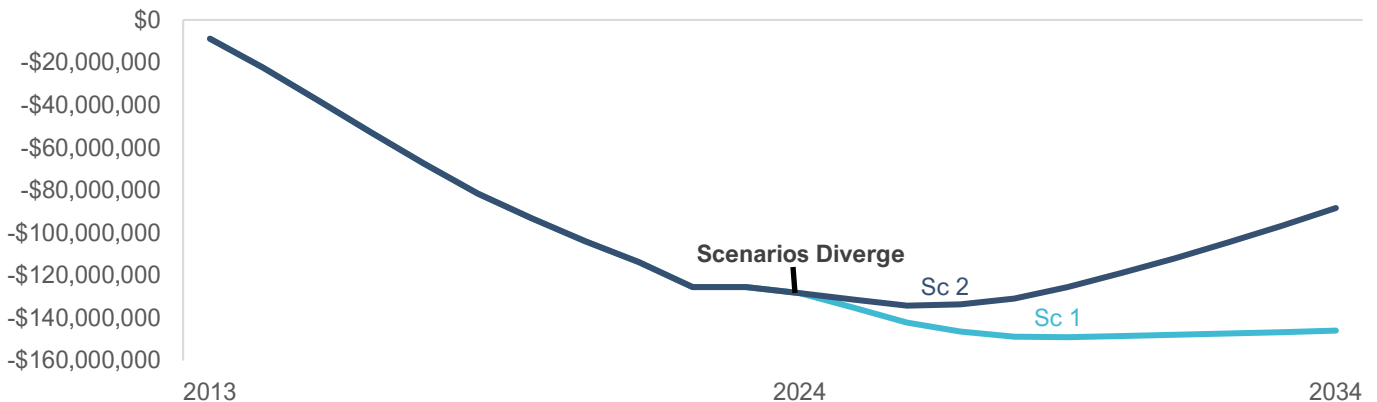
Type of Business	Number of Companies	Total Investment
Urban Companies	38	\$257.3 M
Rural or Unknown Companies	16	\$124.9 M
Total	54	\$382.2 M

Source: Audit Office analysis of Department of Revenue data.

Fiscal Return on Investment

Depending on the assumptions used in the economic modeling process, the New Markets program is estimated to generate between **\$0.13 and \$0.47 in state revenue for every dollar of revenue forgone**. Based on these two analyses, the New Markets Job Growth Investment Act does not appear to have met the goal of paying for itself through increased state revenue.

Estimated cumulative revenue loss is higher than revenue gained through 2034 in both scenarios.



Source: Audit Office results from REMI Tax-PI simulations.

Additional Metrics Reviewed in Report

- Statutory Goals
- Additional Goals
- Compliance Costs
- Wages
- New to Nebraska Companies
- Distressed Areas
- High-tech and Renewable Companies
- But-For Determinations
- Impacts on Budgets of Local Governments
- Fiscal Protections
- Transparency
- Economic Modeling: Job Creation
- Economic Modeling: Cost Per Job