

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SECOND LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 432**

Introduced by Hadley, 37.

Read first time January 14, 2011

Committee: Revenue

A BILL

- 1 FOR AN ACT relating to revenue and taxation; to create sales and use
- 2 tax credits for certified renewable export facilities; to
- 3 create a fund and a board; to provide powers and duties;
- 4 and to define terms.
- 5 Be it enacted by the people of the State of Nebraska,

1           Section 1. (1) There is created a renewable export  
2 facility tax credit. The credit may be used to receive a refund of  
3 sales and use tax paid on eligible renewable property by the owner of  
4 a certified renewable export facility. The amount of credit that may  
5 be used by an owner of a certified renewable export facility is  
6 limited to fifteen percent of the sales and use taxes paid on  
7 eligible renewable property by the owner during the calendar year.  
8 The Department of Revenue may verify the validity of any renewable  
9 export facility tax credit claimed.

10           (2) The owner of a certified renewable export facility  
11 shall earn a credit for fifty percent of the value of the stock or  
12 other ownership interest in the facility or owner thereof contributed  
13 to an employee ownership arrangement during the calendar year the  
14 eligible renewable property is placed in service. For purposes of  
15 this subsection, an interest in the certified renewable export  
16 facility shall be valued at the owner's pro rata share of the cost of  
17 establishing the facility, including, but not limited to, legal, site  
18 preparation, construction, and material costs, and other stock and  
19 ownership interests shall be valued at their market value. The owner  
20 shall also earn a credit for legally binding commitments made at the  
21 time the facility is placed in service to contribute such stock or  
22 other ownership interest in the certified renewable export facility  
23 to an employee ownership arrangement at a later date. Such credit  
24 shall be equal to a percentage based upon the number of years  
25 following the date of the commitment to the date the contribution

1 will occur as follows:

2	<u>After 10 years</u>	<u>17.43 %</u>
3	<u>After 9 years</u>	<u>19.37 %</u>
4	<u>After 8 years</u>	<u>21.52 %</u>
5	<u>After 7 years</u>	<u>23.91 %</u>
6	<u>After 6 years</u>	<u>26.57 %</u>
7	<u>After 5 years</u>	<u>29.52 %</u>
8	<u>After 4 years</u>	<u>32.81 %</u>
9	<u>After 3 years</u>	<u>36.45 %</u>
10	<u>After 2 years</u>	<u>40.50 %</u>
11	<u>After 1 year</u>	<u>45.00 %</u>

12           Sec. 2. (1) There is created a job and rural trust tax  
 13 credit. The credit may be used to receive a refund of sales and use  
 14 taxes paid on eligible renewable property by the owner of a certified  
 15 renewable export facility. The amount of credit that may be used by  
 16 an owner of a certified renewable export facility is limited to  
 17 twenty-five percent of the sales and use taxes paid on eligible  
 18 renewable property by the owner during the calendar year. The  
 19 Department of Revenue may verify the validity of any renewable export  
 20 facility tax credit claimed.

21           (2) The owner of a certified renewable export facility  
 22 shall earn a credit for the value of the stock or other ownership  
 23 interest in the facility or owner thereof contributed to the Job and  
 24 Rural Trust during the calendar year the eligible renewable property

1 is placed in service. For purposes of this subsection, an interest in  
 2 the certified renewable export facility shall be valued at the  
 3 owner's pro rata share of the cost of establishing the facility,  
 4 including, but not limited to, legal, site preparation, construction,  
 5 and material costs, and other stock and ownership interests shall be  
 6 valued at their market value. The owner shall also earn a credit for  
 7 legally binding commitments made at the time the facility is placed  
 8 in service to contribute such stock or other ownership interest in  
 9 the certified renewable export facility to the trust at a later date.  
 10 Such credit shall be equal to a percentage based upon the number of  
 11 years following the date of the commitment to the date the  
 12 contribution will occur as follows:

13	<u>After 10 years</u>	<u>34.87 %</u>
14	<u>After 9 years</u>	<u>38.74 %</u>
15	<u>After 8 years</u>	<u>43.05 %</u>
16	<u>After 7 years</u>	<u>47.83 %</u>
17	<u>After 6 years</u>	<u>53.14 %</u>
18	<u>After 5 years</u>	<u>59.50 %</u>
19	<u>After 4 years</u>	<u>65.61 %</u>
20	<u>After 3 years</u>	<u>72.90 %</u>
21	<u>After 2 years</u>	<u>81.00 %</u>
22	<u>After 1 year</u>	<u>90.00 %</u>

23                   Sec. 3. (1) The Job and Rural Trust Fund is created. The  
 24 fund shall be maintained in the state accounting system as a cash

1 fund. The fund shall be used to carry out the purposes of this  
2 section, including the payment of administrative costs. Any money in  
3 the fund available for investment shall be invested by the state  
4 investment officer pursuant to the Nebraska Capital Expansion Act and  
5 the Nebraska State Funds Investment Act. The fund shall be  
6 administered by a nine member board appointed by the Governor with  
7 the approval of the Legislature. The members shall serve six-year  
8 terms, except that of the initial appointees, one shall serve for one  
9 year, one shall serve for two years, one shall serve for three years,  
10 two shall serve for four years, two shall serve for five years, and  
11 two shall serve for six years, as designated by the Governor.  
12 Appointees shall include individuals with backgrounds in finance,  
13 business, wind electric generation, manufacturing, and rural  
14 development, including representatives of the private business and  
15 nonprofit rural development sectors. In addition, the Director of  
16 Economic Development, the vice chancellor of the University of  
17 Nebraska Institute of Agriculture and Natural Resources, and the  
18 Nebraska rural development director of the United States Department  
19 of Agriculture shall serve as ex officio members. Members shall be  
20 reimbursed for their actual and necessary expenses as provided in  
21 sections 81-1174 to 81-1177.

22 (2) The fund shall be used as follows:

23 (a) No less than twenty percent of the money received by  
24 the fund annually shall be transferred by the State Treasurer to the  
25 Building Entrepreneurial Communities Cash Fund and the

1 Microenterprise Development Cash Fund to be used in accordance with  
2 the purposes of such funds;

3 (b) No less than fifteen percent of the money received by  
4 the fund annually shall be transferred by the State Treasurer to the  
5 General Fund and used to increase the adjusted limit for the calendar  
6 year set forth in section 77-5905; and

7 (c) No less than fifty percent of the money received by  
8 the fund annually shall be used to make incentive payments to  
9 businesses organized or incorporated in Nebraska under Nebraska law,  
10 doing business in Nebraska, and employing primarily Nebraskans for  
11 the establishment or expansion of such businesses to manufacture or  
12 provide turbines, towers, blades, construction services, maintenance  
13 services, or other components, equipment, materials, or services that  
14 are necessary to construct projects to generate electricity from wind  
15 and other renewable sources. The board shall prioritize grants and  
16 investments that create economic opportunity in distressed areas, as  
17 defined in section 77-5903, support microenterprise development, and  
18 create the greatest number and highest quality of Nebraska jobs per  
19 dollar invested. Incentive payments shall include, but not be limited  
20 to:

21 (i) Incentive payments to businesses that qualify under  
22 the Nebraska Advantage Microenterprise Tax Credit Act, for  
23 investments that qualify under the act, in lieu of the credit, equal  
24 to twenty percent of up to five hundred thousand dollars of  
25 investments; or

1           (ii) Incentive payments equal to fifteen percent of  
2 investment in new equipment and fifteen percent of the first year's  
3 wages of new employees.

4           A business that receives incentives under this section  
5 shall not be eligible for incentives under the Nebraska Advantage Act  
6 for the same project.

7           (3) The board shall have such powers and duties as are  
8 necessary to carry out the purposes of this section.

9           Sec. 4. For purposes of sections 1 to 4 of this act:

10           (1) Certified renewable export facility means a certified  
11 renewable export facility as defined in section 70-1001.01 that is  
12 placed in service on or after July 1, 2015;

13           (2) Employee ownership arrangement means a plan under  
14 section 4975(e) of the Internal Revenue Code or a plan that provides  
15 an allocation of ownership interests to all full-time employees who  
16 have worked one thousand hours or more in the prior year, in which  
17 each employee receives ownership interests each year proportional to  
18 his or her share of total compensation for project employees without  
19 regard to the share of compensation exceeding two hundred forty-five  
20 thousand dollars to any one employee; and

21           (3) Eligible renewable property means: Components used  
22 directly in the production of electricity using solar, wind, biomass,  
23 or landfill gas and structures supporting such equipment, including,  
24 but not limited to, wind turbine generators, rotors and blades, solar  
25 modules, trackers, supporting structures or racks, inverters, towers,

1 and foundations; the balance of system components, such as wiring,  
2 control systems, switchgears, and generator step-up transformers; and  
3 concentrating solar power components. Eligible renewable property  
4 does not include any components beyond the step-up transformers  
5 located at the production site, labor, energy storage devices, or  
6 remote monitoring systems or light trucks, trucks, and other vehicles  
7 used by the facility.