

Nebraska Advantage Microenterprise Tax Credit Act

The Nebraska Advantage Microenterprise Tax Credit Act is administered by the Department of Revenue. The purpose of the program is to provide investment tax credits (equal to 20% of the new investment, with a \$10,000 lifetime limit) to applicants for creating or expanding micro businesses that contribute to the revitalization of economically depressed areas through the creation of new or improved income, self-employment, or other new employment in the area. There is a total of \$2 million available for each calendar year through 2015.



The Microenterprise Act requires that the following eligibility requirements be met at the time of application:

- The individual applying must be actively engaged in the operation of a microbusiness with personal involvement on a continuous basis in the daily management and operation of the microbusiness. Any person for whom the microbusiness is considered a passive activity for federal income tax purposes is not actively engaged in the operation of the microbusiness.
- **QUALIFIED LOCATIONS** - For applications filed on or after January 1, 2012, all locations in Nebraska are eligible **EXCEPT Census Tracts 9549 and 9550 in Cheyenne County**. To find the census tract for a location, go to the **U.S. Census Bureau website** and enter the address.
- The microbusiness must employ five or fewer full-time equivalent Nebraska residents on the date of application. Documentation will be required showing total hours paid during the pay period including the date of application. If an application is filed between November 1, 2011 and December 31, 2011, it is deemed to be filed on January 3, 2012 and the employment documentation must be provided for the pay period including January 3, 2012.
- **FARMERS AND LIVESTOCK OPERATORS** - Effective for applications filed for 2010 and forward, persons actively engaged in the operation of a farm or livestock operation cannot have a net worth of more than \$350,000, including any holdings by a spouse or dependent, based on fair market value. A microbusiness involved in the following activities is not subject to the \$350,000 limitation for farm and livestock operations: processing or marketing of agricultural products raised by another party; aquaculture; agricultural tourism; or the production of fruits, herbs, tree products, vegetables, tree nuts, dried fruits, organic crops, or nursery crops. Farmers and livestock operators must provide a current net worth statement, including any holdings by a spouse or dependent, based on fair market value. The net worth statement must be signed and dated by the applicant AND a lawyer, banker, loan officer, financial counselor, or an accountant, who gives his/her title and states in writing that the information provided on the statement appears to be accurate. The net worth statement must reflect the value of the applicant's holdings as of the date of application.

If you have any questions regarding the preparation of this application, please contact Bill Weekly at 402-471-5862 or by e-mail at bill.weekly@nebraska.gov. The Microenterprise Application should be sent to: **Nebraska Department of Revenue, 301 Centennial Mall South, PO Box 94818, Lincoln, NE 68509-4818**

Visit the Department of Revenue's website, http://www.revenue.ne.gov/incentiv/microent/micro_guide.html for application materials.