

December 20, 2005

Economic Development Tax Incentives -- Equipment Moved Into the State. QUALIFIED PROPERTY MOVED INTO AND PLACED IN SERVICE FOR THE FIRST TIME IN NEBRASKA AFTER THE DATE OF APPLICATION UNDER THE NEBRASKA ADVANTAGE ACT WILL BE CONSIDERED INVESTMENT IN THIS STATE.

Advice has been requested as to whether property that meets all the criteria to be considered investment except that it was placed in service in another state prior to the date of application and was moved into Nebraska and first placed in service in Nebraska after the date of application qualifies as investment under the Nebraska Advantage Act.

The taxpayer has applied for an agreement under the Nebraska Advantage Act for a project that includes the relocation of equipment from another state into the project in Nebraska. All of the equipment will be relocated into Nebraska after the date of the application.

The intent of the Act is to provide incentives for the investment in and creation of new jobs in Nebraska, and one of the stated purposes of the Act is to encourage the relocation of businesses into the state. The benefit to the state is substantially the same whether the new jobs are coupled with the purchase of new property or the moving of existing property into the state.

Section 77-5702, R.S.Supp. 2005, provides in part that:

. . . It is the policy of this state to make revisions in Nebraska's tax structure in order to encourage new businesses to relocate to Nebraska, . . . .

The Act requires an investment in qualified property in Nebraska in order for the taxpayer to receive the benefits allowable under the Act. Since the Act does not limit the investment to new purchases, property that is placed in service in Nebraska for the first time after the date of the application will qualify for the purpose of meeting the required level of investment and for the computation of the credit on investment.

The property that is moved into the state will be valued in the following manner. For property owned by the taxpayer, the original cost of the property will be used. For property leased by the taxpayer, the value of the property shall be the net annual lease amount multiplied by the number of years of the lease for which the taxpayer was originally bound that are remaining at the time the property is moved into Nebraska.

APPROVED:



Mary Jane Egr  
State Tax Commissioner

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