

# Urban Redevelopment Act

Nebraska Department of Economic Development

The Urban Redevelopment Act allows businesses to earn tax credits for qualified new investment and new full-time equivalent employees (FTEs).



# Program Highlights

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Low minimum investment levels

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Tax credits can be earned by investment only

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No industry restrictions to qualify

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Low application fee (\$500)

# Two Ways to Qualify

Businesses with a qualified location that invest \$150,000 & hire at least 5 new FTEs may earn:

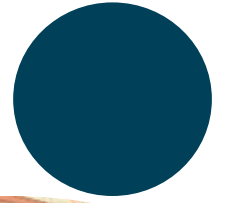
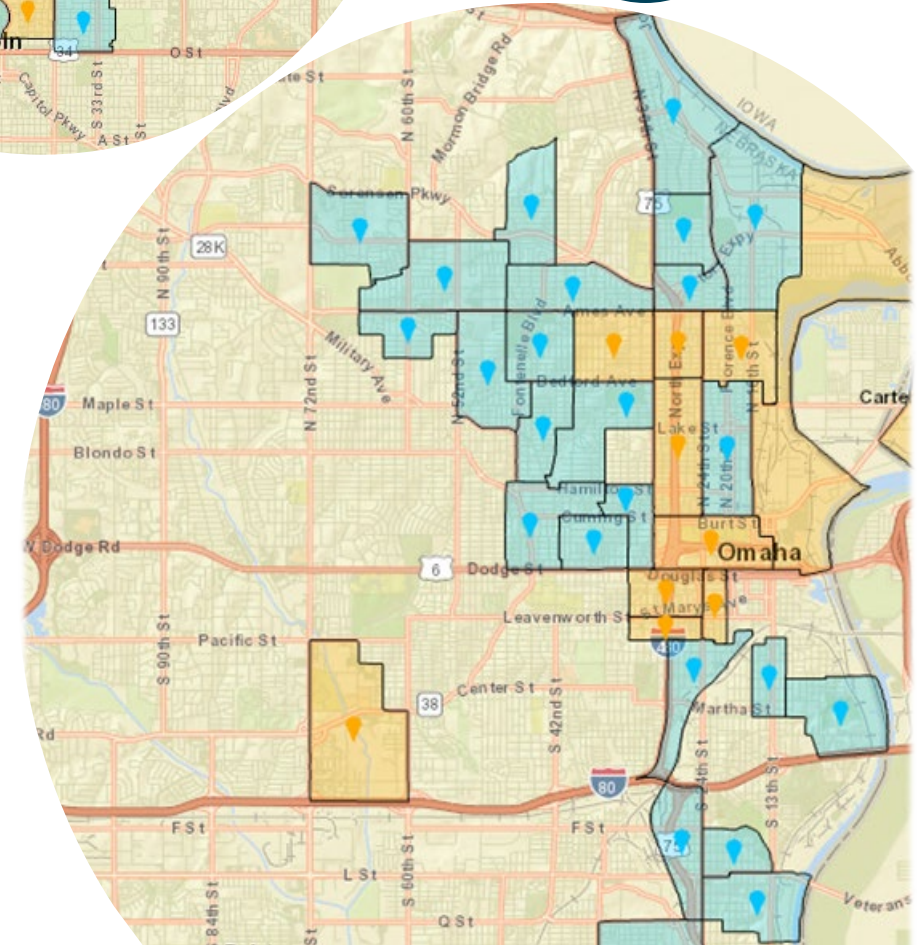
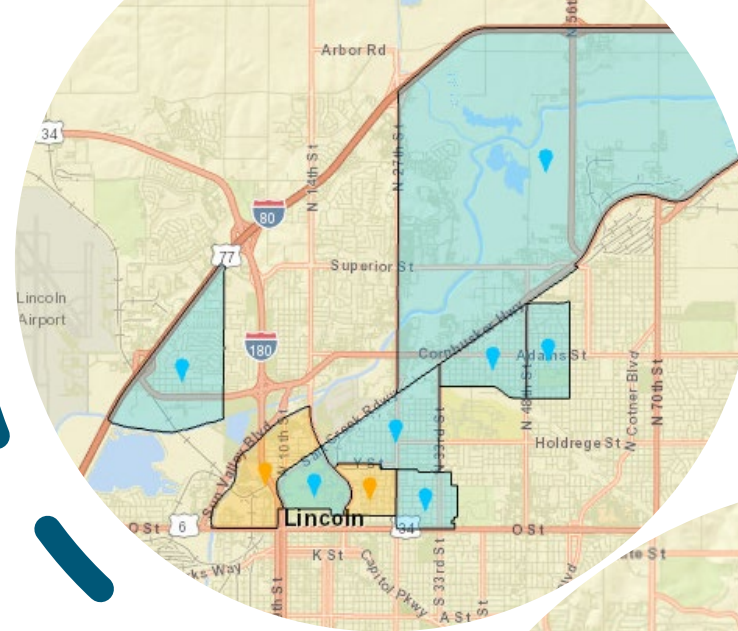
- A tax credit of **\$3,000** for each new FTE, *with an additional \$1,000 credit for each new employee that lives in an economic redevelopment area, and*
- A tax credit of **\$2,750** for each \$50,000 of cumulative investment.

Businesses with a qualified location & cumulative investment of at least \$50,000 may earn:

- A tax credit equal to **5%** of the cumulative investment.

# Qualified Location

To qualify for incentives, the business must be conducted in a Qualified Location within a Nebraska city of the metropolitan or primary class, and within an Economic Redevelopment Area (ERA map).



# APPLICATION OVERVIEW

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- Submit online application and application fee
- The Director of the Department of Economic Development has 90 days to approve complete applications
- Applicants may request review and certification of base-year employment levels from the Nebraska Department of Revenue



# OPTIONAL REVIEW & CERTIFICATION OF BASE YEAR EMPLOYMENT



If requested, the Department of Revenue (DOR) certifies the number of base-year employees



Certification can delay application approval time and requires additional paperwork upfront



Certification of base year employment levels is binding on DOR\* \*subject to restrictions as outlined in § 77-6927(2)

# Key Program Dates

**Ramp-Up Period:** After the application is filed, applicants have until the end of the second full tax year to meet investment and employment levels



**Qualification Date:** The date the required minimum cumulative investment and new employment levels are met or exceeded



**Performance Period:** The year the required employment and investment thresholds are met (or exceeded) and each year thereafter until the end of the 3<sup>rd</sup> year after the year the required increases were met



# Sample Tax Credits Earned

	Investment + FTE	Investment + FTE + FTE in an ERA	Investment Only
NEW FTEs	5	5	n/a
NEW FTEs living in ERA	0	3	n/a
Investment	\$150,000	\$150,000	\$50,000
Investment Credits	\$8,250	\$8,250	\$2,500
Wage/FTE Credits	\$15,000	\$15,000	n/a
Wage credit for FTE in ERA	n/a	\$3,000	n/a
<b>Total</b>	<b>\$23,250</b>	<b>\$26,250</b>	<b>\$2,500</b>



# USING TAX CREDITS

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- Refund of sales and use taxes
- Refundable income tax credit on taxpayer's income tax return
- Reduce taxpayer's income tax withholding employer or payor tax liability
- Repayment of real property taxes paid at the county level

[NE Dept of Revenue](#) for additional information on tax credit use and record retention

# LIMITATIONS

- Businesses cannot qualify for credits under the URA if they are participating in another Nebraska tax incentive program
- Wages paid to new FTEs, must be **at least 70%** of the NE average hourly wage to earn credits (\$17.31/hour for 2022 applications)
- New FTEs can be added **throughout** the application year; qualified new investment begins **after** the application date
- A maximum of \$50,000 in tax credits can be earned through the program



# NEW HIRE RECORD KEEPING

- The Department of Economic Development requires employers to utilize E-Verify, the free federal electronic verification program, to ensure that new employees are legally able to work in the United States. For additional information, visit [e-verify.gov](http://e-verify.gov).
- If audited under this program by DOR, proof of timely confirmation of employment eligibility will need to be provided.\* No tax credits are awarded for ineligible workers.

\*Examples of documents to maintain/provide as proof: Case Verification Number, Copies of the Case Details page which includes the Case Verification Number and the User Audit Report which provides general data on cases.

# Qualify

Submit complete application and program fee

Meet minimum thresholds within 2 years of the application date

# Earn

Earn up to \$50,000 in refundable tax credits

# Use

Use tax credits



Contact us to learn more:

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[Urban Redevelopment Act](#)