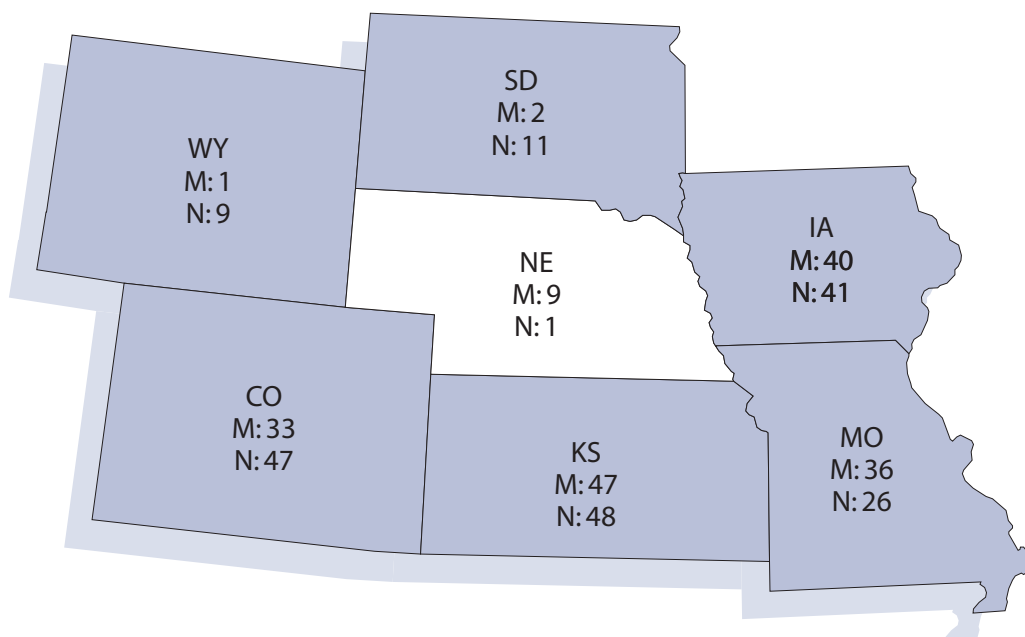


M = Rank for mature firms
N = Rank for new firms



Nebraska ranks ninth overall for mature operations and first overall for newly established operations. Specifically:

- Nebraska ranks second for mature R&D operations, with a total tax burden nearly 50 percent less than the national average. Even though the state has a relatively high 7.81 percent corporate tax rate, this firm benefits from an R&D tax credit and favorable apportionment and sourcing rules.
- The state's apportionment system is also a reason for Nebraska's fifth-place ranking for mature labor-intensive manufacturing. This operation has a total tax burden 37 percent below the national average even though it has an above-average property tax liability due to the property taxes on inventory.
- Nebraska ranks 33rd for mature corporate headquarters. Because of the state's sourcing rules for services, 100 percent of the firm's profits is subject to the state's corporate income tax. Thus, this operation has the 10th-highest income tax burden of this firm type in the nation.
- Nebraska ranks first for both new corporate headquarters and for new call centers. The state also ranks second for both new capital-intensive and new labor-intensive manufacturing. Tax incentives are the major contributing factor to the strong showing for all of these firm types. For example, the corporate headquarters and the call center benefit from some of the most generous investment tax credits and job tax credits in the nation. Similarly, only three states offer a more generous investment tax credit for capital-intensive manufacturers. The property tax abatement for manufacturers is also very generous.
- The state ranks 32nd for new retail operations. In this case, the firm is burdened by the state's high income tax and the property taxes on inventories.

Nebraska

Corporate income tax

Main tax rate	7.810%
Applies to income over	\$100,000
Specific adjustments:	
- s.199 deduction allowed	
- Deduction allowed for in-state tax paid	

Apportionment	Property	Payroll	Sales
Standard factors	-	-	100.0%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			No
Interstate services income apportionment			IPA

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Omaha	6.250%	2.224%	2.224%	2.224%	-
Tier 2	Lincoln	7.000%	1.967%	1.967%	1.967%	-

a. Manufacturing machinery is exempt from sales tax

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
2.50%	\$9,000	0.150%	Tier 1	n/a	n/a	n/a	n/a
			Tier 2	n/a	n/a	n/a	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	Varies from 10-15% of eligible capital investment Plus partial refund of sales taxes paid	✓	✓	✓	✓	✓	✓	
Job creation	Varies from 4-6% of new payroll x 7 years	✓	✓	✓	✓	✓	✓	
Withholdings	n/a							
R&D	15% x federal credit re NE R&D x 5 years, refundable						✓	
Property tax	100% abatement x 10 years	✓	✓	✓	✓	✓		

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	2.4%	3.3%	1.1%	30.7%	1.4%	-5.0%	35.3%		8.5%	7.4%	20.1%	31.0%	16.3%	6.3%	16.6%			
Index	21.3	28.5	4.5	84.8	8.4	-33.7	108.3	31.7	66.8	63.2	95.8	101.1	103.9	48.6	98.0	82.5		
Rank	2	2	1	22	1	2	32	1	10	5	24	31	33	2	27	9		

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