

Nebraska Advantage Rural Development Act: Performance on Selected Metrics



The Legislative Audit Office is a nonpartisan division of the Legislature, directed by the Performance Audit Committee. The Committee selects topics for the Office to audit, details the scope of such audits, and makes recommendations as to how the Legislature should proceed after the Office completes its report.

Nebraska Advantage Rural Development Tax Incentive Program

The Nebraska Advantage Rural Development program, created in 1986 and substantially revised in 2004, provides tax benefits to individuals or companies that increase economic activities intended to benefit rural Nebraska. There are three ways to participate in the program. The Level 1 and Level 2 tiers are for investment and job creation projects. The Livestock Modernization tier is an investment-only option. The program is administered by the Nebraska Department of Revenue and is scheduled to sunset on December 31, 2027.

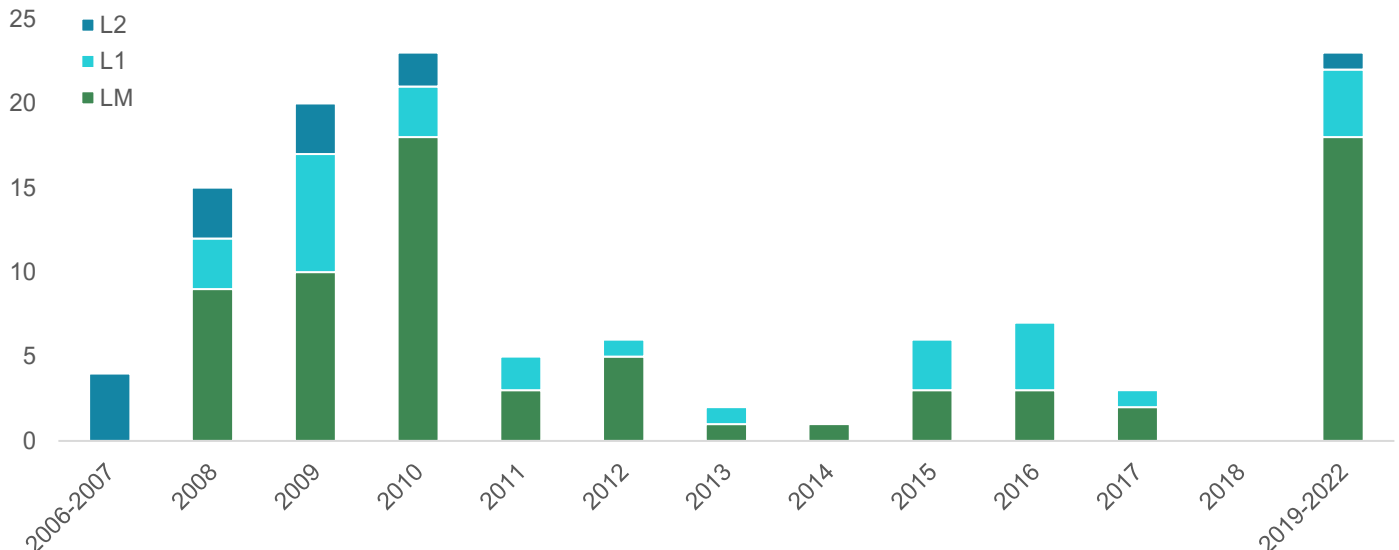
Report Finding

The vast majority of Rural Development program activity occurred in rural areas, as defined in the Legislative Performance Audit Act. Additionally, most of the economic activity occurred in the state’s smallest counties, defined as those with less than 15,000 residents

Program Participation

We identified 108 unique taxpayers that earned credits from 2004 through 2022. Of these taxpayers, 72 were incorporated and 36 participated as individuals. Some participated more than once. There were a total of 113 projects. The 113 projects included in this analysis earned a total of \$12.5 million and used about \$11.6 million program credits.

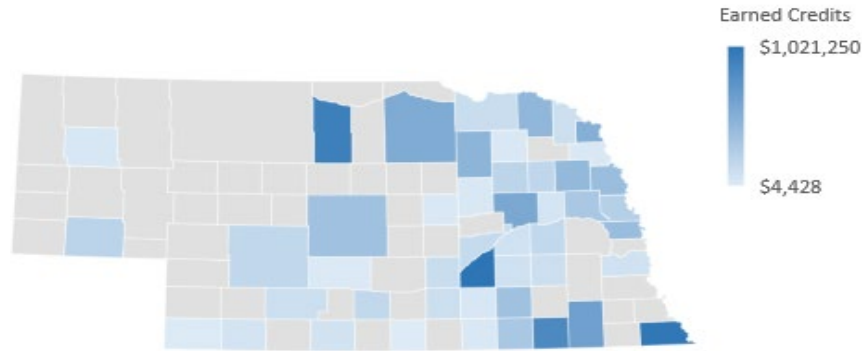
Livestock Modernization projects made up the majority of projects in most years reviewed.



Source: Audit Office analysis of Department of Revenue data.
 Note: Some years combined to maintain taxpayer confidentiality.

Participants in the program earned credits in 51 of Nebraska’s 93 counties. Projects that earned credits were spread throughout the state, with a higher concentration in central and eastern counties.

Earned credits were largely concentrated in the central and eastern parts of the state.

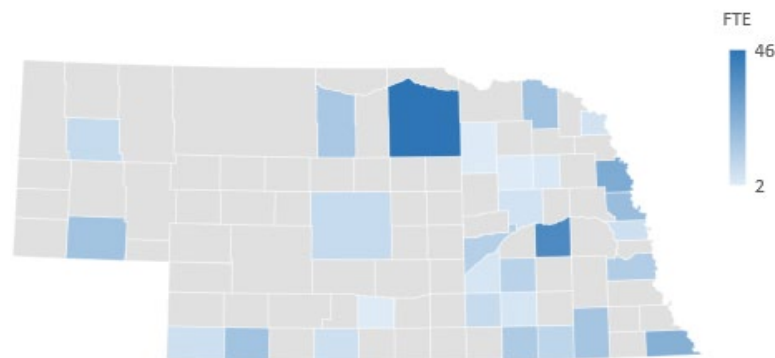


Source: Audit Office analysis of Department of Revenue data.

Note: Two projects had multiple counties listed in their agreement. Those projects were not included in this map and represent less than \$60,000 credits combined.

Participants in the Rural Development program created FTEs in 29 of Nebraska’s 93 counties. Holt and Butler counties saw the largest increases.

Projects generated an increase in FTEs over a wide geographic area.



Source: Audit Office analysis of Department of Revenue data.

The majority of program activity occurred in the smallest 73 counties. These counties had more projects, credits, investment, FTEs, and total employee increase than the largest 20 counties.

Most activity associated with the program occurred in counties with fewer than 15,000 residents.

County Population	Number of Projects	Earned Credits	Investment	Increase in FTEs	AAEI
Below 15,000	70 (62%)	\$9 M (72%)	\$267.7 M (74%)	298 (82%)	235 (73%)
15,000 & Above	43 (38%)	\$3.5 M (28%)	\$93.6 M (26%)	66 (18%)	85 (27%)
Total	113	\$12.5 M	\$361.3 M	364	320

Source: Audit Office analysis of Department of Revenue and Department of Labor information.

Additional Metrics Reviewed in Report

- Economic Activity in Distressed Areas
- Wages
- Cost Per Job
- New to Nebraska
- Sustained Companies
- Additional Public Funding
- Administrative Cost
- Fiscal Protections