

TAX CREDITS

Keep the Momentum

CHALLENGE

Three key tax credits that support childcare businesses and help drive local economic and real estate investment are set to expire at the end of 2022.

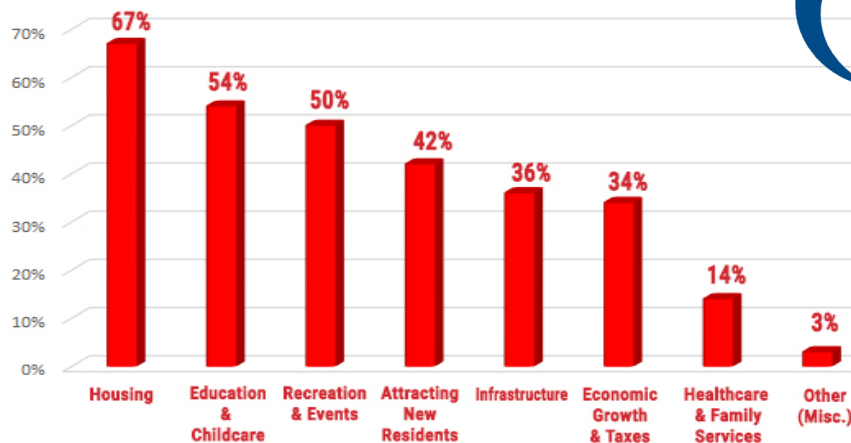
Losing these tools just when communities and businesses are ramping up efforts to help parents **return to work**, **revitalize main streets** and **attract new residents** could set years of progress back and slow economic recovery.

OPPORTUNITY

The **positive momentum** generated by the Research and Development (R&D), Job Creation and Mainstreet Revitalization Act (Historic) and School Readiness tax credits can be maintained in communities across Nebraska with extension through 2022 and beyond.



OPPORTUNITIES FOR COMMUNITY GROWTH



ACTION PLAN



A 2021 survey of NE Chamber members and 10 listening sessions with community business leaders revealed that housing, childcare, community amenities and vitality, and attracting new residents are key factors in community and workforce growth.

LEGISLATIVE SOLUTION

POLICY OBJECTIVES

1. Help essential childcare providers recover and grow through the pandemic
2. Ensure consistent, high-quality early childhood education across Nebraska
3. Support working parents returning to work
4. Attract and retain families and talent in all communities
5. Accelerate adoption of tech-enabled commerce
6. Boost productivity and competitiveness of Nebraska businesses for decades

Why do tax credits work?

A tax credit is a type of government-sponsored tax incentive. It allows individuals and employers to put **dollars otherwise contributed in taxes** toward longer-term social, economic, and environmental programs that **benefit society as a whole**. A taxpayer's financial contributions to public-benefit causes result in dollar-for-dollar reductions in tax liability.

Tax credits offer a **market-based solution to local community challenges**, a pathway for solving problems without increasing government costs. They work best when business and community needs are aligned. For instance, businesses have a vested interest in quality childcare to support working parents. High-quality, early childhood education helps communities attract and retain growing families.

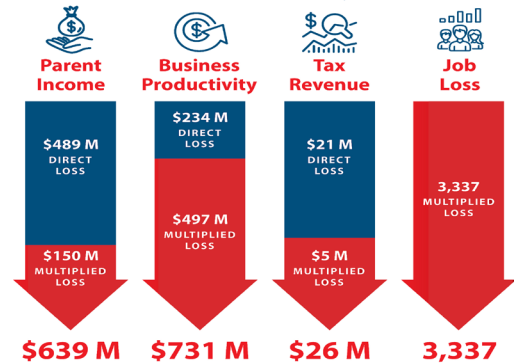
Extend widely used tax credits, critical for local economic growth up to five years when possible.

I. Help childcare providers recover and grow

Ensure all available resources continue to be directed to essential childcare providers through the pandemic.

Extend the refundable **School Readiness Tax Credit** through 2027 for both center and in-home childcare providers enrolled in Nebraska's childcare quality improvement and rating system – Step Up to Quality.

Gaps in childcare access are significantly impacting our economy.



Source: First Five

II. Revitalize main streets

Leverage private investment in building vibrant communities that attract and retain new families and talent, particularly in distressed areas of the state.

Extend the **Nebraska Job Creation and Mainstreet Revitalization Act (Nebraska Historic Tax Credits)** through 2027, to support both commercial and residential downtown revitalization plans.

Nebraska Job Creation & Mainstreet Revitalization Act (Historic Tax Credits) ROI Snapshot

Up to \$15 Million Allocated Annually	1 year (2017)	Lifespan (since 2015)
Economic Impact	\$10.65 million	\$183.9 million
Jobs Supported	140	2,457
Wage Impact	\$4.73 million	\$82.7 million
↑ Property Value in 1 Year		78%
Residential Units		606

Source: History Nebraska

III. Support innovation to build resilience and competitiveness

Ensure no interruption of private investment in research and experimental activities that expand innovation capacity of local economies or higher learning institutions. This is especially critical as tech-enabled commerce becomes the rule, not the exception.

Extend the **Nebraska Advantage Research and Development Act** through 2023 to accommodate delayed audit requirements.

Nebraska Advantage R&D Tax Credit ROI Snapshot

U.S.	Nebraska
↑ 1% = ↑ 2.2% R&D GDP	\$1 State R&D Investment ⇔ \$2 - \$4 Private Investment
↑ 89% Rural business survival with R&D grants	\$60.6 million Tax credits used since 2006
↑ 20% New firm formation over 10 years	↑ 45% Jump in demand in 2019

Sources: Blueprint Nebraska; Journal of American Taxation Association "The Effectiveness of R&D Tax Credits"; Nebraska Department of Revenue



Good Life Game Changer Proposal Partners

Leaders of chambers and economic development organizations from across the state joined forces on a proposal to quickly ramp up workforce initiatives, talent attraction, innovation and economic infrastructure using American Rescue Plan Act funds. The proposal complements economic development initiatives outlined in the Blueprint Nebraska statewide strategic plan. <https://www.nechamber.com/good-life-game-changer.html>