



January 30, 2024

Nebraska Legislature
Revenue Committee
State Capitol
P.O. Box 94604
1445 K Street
Lincoln, NE 68509

Dear Senators,

In accordance with Neb. Rev. Stat. § 77-6610 of the Renewable Chemical Production Tax Credit Act, the Department of Economic Development and the Department of Revenue herein submit this annual report.

The Department of Economic Development and Department of Revenue appreciate the Legislature's continued support for and commitment to Nebraska's people and communities.

Respectfully,

A large, stylized handwritten signature in black ink, appearing to read "K.C. Belitz".

K.C. Belitz
Director of Economic Development
State of Nebraska

A handwritten signature in black ink, appearing to read "J.R. Kamm".

James R. Kamm
Tax Commissioner
State of Nebraska

Renewable Chemical Production Tax Credit Act Annual Report To Revenue Committee

(Neb. Rev. Stat. §§ 77-6601 to 77-6611)

Pursuant to Neb. Rev. Stat. § 77-6610 of the Renewable Chemical Production Tax Credit Act (“Act”), the Department of Economic Development (“DED”) and the Department of Revenue (“DOR”) submit the following annual report covering the 2022 and 2023 calendar years.

I. Overview

Under the Act, certified eligible businesses may earn refundable tax credits for Nebraska-based production of renewable chemicals (as defined in Neb. Rev. Stat. § 77-6603(7)). The calculation of tax credits is statutorily prescribed as “an amount equal to the product of seven and one-half cents multiplied by the number of pounds of renewable chemicals produced in this state by the eligible business during each calendar year in excess of the eligible business's pre-eligibility production threshold” and is capped at \$1.5 million per year per eligible business. (Neb. Rev. Stat. § 77-6607(1)). DED may approve up to three million in tax credits for calendar years 2022 and 2023 and up to six million per calendar year for calendar years 2024 and beyond. (Neb. Rev. Stat. § 77-6605).

To receive tax credits under the Act, a business must apply to DED to be certified as an eligible business. To be certified as an eligible business, the applicant must: (i) produce at least one million pounds of a renewable chemical in Nebraska during the calendar year for which tax credits are sought, (ii) be physically located in Nebraska, (iii) have organized, expanded, or located in Nebraska on or after January 1, 2021, and (iv) be compliant with all agreements entered into under the Act and any other tax credit or programs administered by DED or DOR. If an applicant is certified by DED as an eligible business to receive tax credits, it will enter into an agreement with DED which will specify the maximum amount of tax credits available to the eligible business for the calendar year. Issuance of tax credits is subject to DOR’s subsequent verification of eligible business’ renewable chemical production levels for the relevant periods.

II. Reports

Pursuant to Neb. Rev. Stat. §§ 77-6609 and 77-6610(2), to protect the presumption of confidentiality, DED and DOR are required to report all information in the aggregate to prevent information being attributable to any particular eligible business. Except for: (i) the identity of a tax credit recipient and (ii) the amount of such tax credits, all other information or record is presumed to be a trade secret and is statutorily required to be kept confidential. (Neb. Rev. Stat. § 77-6609).

(a) 2022 Calendar Year Report

One business entity participated in the Act during the 2022 calendar year. As required by § 77-6609, DED and DOR will limit its report regarding the 2022 calendar year to the information which is not deemed to be confidential under the Act: (i) the identity of the tax credit recipient and (ii) the amount of such tax credits.

Virdis Chemical, LLC earned \$566,583 in tax credits for its production of a renewable chemical in Nebraska during the 2022 calendar year.

(b) 2023 Calendar Year Report

Two business entities participated in the Act during the 2023 calendar year. DOR ordinarily does not report information in the aggregate unless there are at least five distinct sets of data available to be collected and reported on. Because reporting in the aggregate to protect the presumption of confidentiality and to prevent information from being attributable to any particular eligible business is not practicable with only two participating entities, DED and DOR will limit its 2023 calendar year report to the information which is not deemed to be confidential under the Act: (i) the identity of the tax credit recipients and (ii) the amount of such tax credits.

At the time of this report, Viridis Chemical, LLC, DED, and DOR have not completed the process for determining the amount of tax credits earned during the 2023 calendar year. However, based on projected production levels, Viridis Chemical, LLC was approved to receive up to \$1.5 million in tax credits for the 2023 calendar year.

At the time of this report, Evonik Corporation, DED, and DOR have not completed the process for determining the amount of tax credits earned during the 2023 calendar year. However, based on projected production levels, Evonik Corporation was approved to receive up to \$250,000 in tax credits for the 2023 calendar year.

END OF REPORT