

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 692

Introduced by Linehan, 39.

Read first time January 18, 2023

Committee: Revenue

- 1 A BILL FOR AN ACT relating to economic development; to amend section
- 2 77-2701.02, Reissue Revised Statutes of Nebraska; to adopt the Good
- 3 Life Transformational Projects Act; to change provisions relating to
- 4 the sales tax rate; to repeal the original section; and to declare
- 5 an emergency.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 11 of this act shall be known and may be
2 cited as the Good Life Transformational Projects Act.

3 Sec. 2. (1) The purpose of the Good Life Transformational Projects
4 Act is to promote and develop the general and economic welfare of this
5 state and its communities by providing support for political subdivisions
6 in developing unique Nebraska projects that will attract new industries
7 and employment opportunities and further grow and strengthen Nebraska's
8 retail, entertainment, and tourism industries.

9 (2) The Legislature finds that it will be beneficial to the economic
10 well-being of the people of this state to encourage development of
11 public-private partnerships to create transformational development
12 projects within the state that create jobs, infrastructure, and other
13 improvements and attract and retain tourists and college graduates from
14 around the state.

15 (3) The Legislature further finds that such projects may (a)
16 generate new economic activity, as well as additional state and local
17 taxes from persons residing within and outside the state, (b) create new
18 economic opportunities and jobs for residents, (c) promote new-to-market
19 retail, entertainment, and dining attractions, (d) encourage the use of
20 financial technology to promote the recruitment and retention of a 21st
21 century customer and workforce, and (e) promote the importance of
22 financial literacy.

23 (4) In order that the state may receive long-term economic and
24 fiscal benefits from such projects, a need exists to provide state
25 assistance to political subdivisions to assist in the development and
26 redevelopment of eligible areas within this state by authorizing cities
27 and villages to establish good life districts to support the issuance of
28 bonds, public-private partnerships, or other alternative mechanisms for
29 the financing of such projects and allowing designated portions of state
30 sales tax revenue in such districts to be reinvested in those districts
31 to repay such bonds, public-private partnerships, or other alternative

1 financing mechanisms, improve infrastructure, and further the purposes of
2 the act.

3 (5) The amount of state assistance shall be limited to a designated
4 portion of state sales tax revenue collected within such districts.

5 Sec. 3. For purposes of the Good Life Transformational Projects
6 Act:

7 (1) Approved project means an eligible project that is approved by
8 the Department of Economic Development under the Good Life
9 Transformational Projects Act;

10 (2) Bond means a general obligation bond, redevelopment bond, lease-
11 purchase bond, revenue bond, or combination of any such bonds;

12 (3) Eligible project means a project that:

13 (a) Demonstrates the total development costs of the proposed project
14 exceed:

15 (i) One billion dollars if the project is proposed for a city of the
16 metropolitan class;

17 (ii) Seven hundred fifty million dollars if the project is proposed
18 for a city of the primary class; or

19 (iii) Five hundred million dollars if the project is proposed for a
20 city of the first class, city of the second class, or village;

21 (b) Includes documentation demonstrating the project will directly
22 or indirectly result in the creation of:

23 (i) One thousand new jobs if the project is proposed for a city of
24 the metropolitan class;

25 (ii) Five hundred new jobs if the project is proposed for a city of
26 the primary class; or

27 (iii) Two hundred fifty new jobs if the project is proposed for a
28 city of the first class, city of the second class, or village; and

29 (c) If the project is principally comprised of retail, includes a
30 report demonstrating:

31 (i) That upon completion of the project, at least twenty percent of

1 sales at the project will be made to persons residing outside the State
2 of Nebraska and the project will attract new-to-market retail to the
3 state and will generate a minimum of three million visitors per year; and

4 (ii) The ability of the project to capture sufficient market share
5 to remain profitable and sustainable past the term of repayment and
6 maintain status as a significant retail and travel decision driver;

7 (4) Good life district means a district established pursuant to
8 section 6 of this act;

9 (5) Political subdivision means any local government body formed and
10 organized under state law and any joint entity or joint public agency
11 created under state law to act on behalf of political subdivisions which
12 has statutory authority to issue general obligation bonds; and

13 (6) Public-private partnership means a financial arrangement between
14 a political subdivision and a private entity to provide financing for
15 eligible projects upon such terms and conditions as mutually agreed to by
16 the political subdivision and private entity.

17 Sec. 4. (1) Any political subdivision that has approved a bond,
18 public-private partnership, or alternative financing mechanism to
19 acquire, design, market, construct, finance, provide financial technology
20 and software infrastructure for, improve, or equip an eligible project
21 may apply to the Department of Economic Development for state assistance.

22 (2) The state assistance shall be used:

23 (a) To pay back amounts expended or borrowed through one or more
24 issues of bonds, public-private partnerships, or alternative financing
25 mechanisms to acquire, design, market, construct, finance, provide
26 financial technology and software infrastructure for, improve, or equip
27 an eligible project until repayment in full of the amounts expended or
28 borrowed by the political subdivision; and

29 (b) To pay for capital improvements related to eligible projects.

30 (3) State assistance shall commence upon the receipt of a
31 certificate of occupancy for each facility within the approved project

1 and shall last a maximum of twenty-five years.

2 (4) No applications for state assistance shall be accepted after
3 December 31, 2024.

4 Sec. 5. (1) All applications for state assistance under the Good
5 Life Transformational Projects Act shall be in writing and shall include
6 a certified copy of the approving action of the governing body of the
7 political subdivision describing the proposed project for which state
8 assistance is requested and the anticipated financing.

9 (2) The application shall contain:

10 (a) A description of the proposed financing of the project,
11 including the estimated principal and interest requirements for the
12 bonds, public-private partnerships, or alternative financing mechanisms
13 proposed to be issued in connection with the project or the amounts
14 necessary to repay the original investment by the applicant in the
15 project;

16 (b) Documentation of local financial commitment to support the
17 project, including all public and private resources pledged or committed
18 to the project and including a copy of any operating agreement or lease
19 with substantial users of the project area;

20 (c) A map identifying the good life district to be used for purposes
21 of the project;

22 (d) Sufficient documents, plans, and specifications as required by
23 the Department of Economic Development to support the plan and to define
24 a project and a feasibility study, including the following:

25 (i) Evidence that demonstrates that the project is feasible only
26 with the state assistance provided by the act;

27 (ii) Whether a project's revenue is expected to exceed or be
28 sufficient to pay for the project costs;

29 (iii) The effect a project will have on any outstanding bonds,
30 public-private partnerships, or alternative financing mechanisms payable
31 by a political subdivision pursuant to the act;

1 (iv) A statement of how the jobs and taxes obtained from the project
2 will contribute significantly to the economic development of the state
3 and region;

4 (v) Visitation expectations and a plan describing how the number of
5 visitors to the good life district will be tracked and reported on an
6 annual basis;

7 (vi) Any unique qualities of the project;

8 (vii) An economic impact study, including the anticipated effect of
9 the project on the regional and statewide economies;

10 (viii) Project accountability, measured according to best industry
11 practices;

12 (ix) The expected return on state and local investment the project
13 is anticipated to produce; and

14 (x) A summary of community involvement, participation, and support
15 for the project.

16 (3) Upon receiving an application for state assistance, the
17 Department of Economic Development shall review the application and
18 notify the applicant of any additional information needed for a proper
19 evaluation of the application.

20 (4) The application and all supporting information shall be
21 confidential except for the location of the project and the amounts of
22 increased employment and investment.

23 Sec. 6. (1) After consideration of the application and the
24 evidence, if the Department of Economic Development finds that the
25 project described in the application is eligible and that state
26 assistance is in the best interest of the state, the application shall be
27 approved.

28 (2) In determining whether state assistance is in the best interest
29 of the state, the department shall consider the fiscal and economic
30 capacity of the applicant to finance the local share of the project.

31 (3) Approval of an application under this section shall establish

1 the good life district as that area depicted in the map accompanying the
2 application for state assistance as submitted pursuant to subdivision (2)
3 (c) of section 5 of this act.

4 Sec. 7. (1) If an application is approved, the Tax Commissioner
5 shall:

6 (a) Audit or review audits of the approved projects to determine the
7 state sales tax revenue collected by sellers within good life districts;
8 and

9 (b) Certify annually the amount of state sales tax revenue
10 determined under subdivision (a) of this subsection to the Legislature.

11 (2) State sales tax revenue collected by sellers operating within a
12 good life district shall be reported on informational returns developed
13 by the Department of Revenue and provided to any such seller. The
14 informational returns shall be submitted to the department by the seller
15 by the twentieth day of the month following the month the sales taxes are
16 collected.

17 (3) The Tax Commissioner shall use data from the informational
18 returns described in subsection (2) of this section and sales tax returns
19 of such sellers to certify quarterly, for each eligible project for which
20 state assistance has been approved, the total amount of state sales tax
21 revenue described in subsection (1) of this section that was collected in
22 the preceding calendar quarter. The Tax Commissioner shall certify such
23 amount to the State Treasurer within sixty days after the end of each
24 calendar quarter, and such certification shall be used for purposes of
25 making the quarterly distributions of state assistance described in
26 section 8 of this act.

27 Sec. 8. (1) The Good Life Transformational Projects Fund is created
28 and shall be administered by the Department of Economic Development. Any
29 money in the fund available for investment shall be invested by the state
30 investment officer pursuant to the Nebraska Capital Expansion Act and the
31 Nebraska State Funds Investment Act.

1 (2) Upon receiving the quarterly certification described in
2 subsection (3) of section 7 of this act, the State Treasurer shall
3 transfer the amount certified to the fund.

4 (3) It is the intent of the Legislature that the Department of
5 Economic Development use the Good Life Transformational Projects Fund to
6 provide grants or loans to any political subdivision for which an
7 application for state assistance has been approved in an amount not to
8 exceed fifty percent of the state sales tax revenue collected by sellers
9 within the applicable good life district. Such funds shall be distributed
10 quarterly.

11 (4) State assistance to the political subdivision shall no longer be
12 available upon repayment of the bonds, public-private partnerships, or
13 alternative financing mechanisms that were issued in connection with the
14 project.

15 (5) State assistance shall not be used for an operating subsidy.

16 Sec. 9. (1) A political subdivision that applies for state
17 assistance under the Good Life Transformational Projects Act may issue
18 from time to time its bonds and refunding bonds to finance and refinance
19 the acquisition, construction, improving, and equipping of eligible
20 projects. The bonds may be sold by the political subdivision in such
21 manner and for such price as the political subdivision determines, at a
22 discount, at par, or at a premium, at private negotiated sale or at
23 public sale, after notice published prior to the sale in a legal
24 newspaper having general circulation in the political subdivision or in
25 such other medium of publication as the political subdivision deems
26 appropriate.

27 (2) The bonds shall have a stated maturity of twenty-five years or
28 less and shall bear interest at such rate or rates and otherwise be
29 issued in accordance with the respective procedures and with such other
30 terms and provisions as are established, permitted, or authorized by
31 applicable state laws and home rule charters for the type of bonds to be

1 issued. Such bonds may be secured as to payment in whole or in part by a
2 pledge, as shall be determined by the political subdivision, from the
3 income, proceeds, and revenue of the eligible project financed with
4 proceeds of such bonds, from the income, proceeds, and revenue of any of
5 its eligible projects, or from its revenue and income, including its
6 sales, use, or occupation tax revenue, fees, or receipts, as may be
7 determined by the political subdivision.

8 (3) The political subdivision may further secure the bonds by a
9 mortgage or deed of trust encumbering all or any portion of the eligible
10 project and by a bond insurance policy or other credit support facility.
11 No general obligation bonds, except refunding bonds, shall be issued
12 until authorized by greater than fifty percent of the political
13 subdivision's electors voting on the question as to their issuance at any
14 election as defined in section 32-108. The face of the bonds shall
15 plainly state that the bonds and the interest thereon shall not
16 constitute nor give rise to an indebtedness, obligation, or pecuniary
17 liability of the state nor a charge against the general credit, revenue,
18 or taxing power of the state. Bonds of the political subdivision are
19 declared to be issued for an essential public and governmental purpose
20 and, together with interest thereon and income therefrom, shall be exempt
21 from all state income taxes.

22 Sec. 10. As described in section 77-2701.02, transactions occurring
23 within a good life district shall be subject to a sales tax rate that is
24 one-half of one percent higher than the sales tax rate imposed in other
25 areas of the state. Of the amount of additional sales tax revenue
26 generated from such increased rate, it is the intent of the Legislature
27 to appropriate:

28 (1) Fifty percent of such amount to the Good Life Transformational
29 Projects Fund to be used for purposes of repaying bonds, public-private
30 partnerships, or other alternative financing mechanisms, improving
31 infrastructure, and furthering the purposes of the Good Life

1 Transformational Projects Act; and
2 (2) Fifty percent of such amount to the Civic and Community Center
3 Financing Fund.

4 Sec. 11. No provision in the Good Life Transformational Projects
5 Act shall be read to limit the existing statutory authority of any
6 political subdivision.

7 Sec. 12. Section 77-2701.02, Reissue Revised Statutes of Nebraska,
8 is amended to read:

9 77-2701.02 Pursuant to section 77-2715.01:

10 (1) Until July 1, 1998, the rate of the sales tax levied pursuant to
11 section 77-2703 shall be five percent;

12 (2) Commencing July 1, 1998, and until July 1, 1999, the rate of the
13 sales tax levied pursuant to section 77-2703 shall be four and one-half
14 percent;

15 (3) Commencing July 1, 1999, and until the start of the first
16 calendar quarter after July 20, 2002, the rate of the sales tax levied
17 pursuant to section 77-2703 shall be five percent;~~and~~

18 (4) Commencing on the start of the first calendar quarter after July
19 20, 2002, the rate of the sales tax levied pursuant to section 77-2703
20 shall be five and one-half percent; and -

21 (5) Commencing July 1, 2023, the rate of the sales tax levied
22 pursuant to section 77-2703 shall be five and one-half percent, except
23 that such rate shall be six percent on transactions occurring within a
24 good life district as defined in section 3 of this act.

25 Sec. 13. Original section 77-2701.02, Reissue Revised Statutes of
26 Nebraska, is repealed.

27 Sec. 14. Since an emergency exists, this act takes effect when
28 passed and approved according to law.