

AMENDMENTS TO LB1165

Introduced by von Gillern, 4.

1 1. Strike the original sections and all amendments thereto and
2 insert the following new sections:

3 **Section 1.** Sections 1 to 12 of this act shall be known and may be
4 cited as the Grow the Good Life Act.

5 **Sec. 2.** The purpose of the Grow the Good Life Act is to provide
6 incentives to encourage large in-state employers to retain workforce in-
7 state, as well as attract or relocate workforce to the state when there
8 is a material change in ownership or control pursuant to a merger or
9 business combination with a company located outside of this state.

10 **Sec. 3.** For purposes of the Grow the Good Life Act:

11 (1) Base year means the year immediately preceding the year during
12 which the change in ownership and control occurred;

13 (2) Base-year employees means the number of equivalent employees
14 employed by the taxpayer during the base year in Nebraska who (a) are
15 paid wages at a rate equal to at least one hundred percent of the
16 Nebraska statewide average hourly wage for the year of application and
17 (b) receive a sufficient package of benefits as specified in the ImagineNE
18 Nebraska Act;

19 (3) Change in ownership and control means a change in equity
20 ownership of an employer within the state resulting from a merger or
21 combination if the following requirements are met:

22 (a) The employer maintained its headquarters within the state for a
23 period of at least ten years prior to the date of the merger or
24 combination;

25 (b) Immediately prior to the date of the merger or combination, the
26 employer employed more than three thousand full-time employees as defined
27 in section 4980H of the Internal Revenue Code of 1986, as amended, and

1 the regulations for such section, within the state;

2 (c) Immediately prior to the date of the merger or combination, the
3 out-of-state company had an actual or implied enterprise value in excess
4 of fifty billion dollars and the shareholders of the out-of-state company
5 receive twenty percent or more of the ownership share value or voting
6 equity of the new merged or combined entity as part of the transaction;
7 and

8 (d) The merger or combination occurs between January 1, 2026, and
9 December 31, 2028;

10 (4) Director means the Director of Economic Development;

11 (5) Employer means a taxpayer that:

12 (a) Employs at least three thousand equivalent employees in Nebraska
13 during the base year;

14 (b) Offers all full-time employees, as defined in section 4980H of
15 the Internal Revenue Code of 1986, as amended, the opportunity to enroll
16 in minimum essential coverage under an eligible employer-sponsored plan,
17 as those terms are defined and described in section 5000A of the Internal
18 Revenue Code of 1986, as amended;

19 (c) Offers all full-time employees, as defined in section 4980H of
20 the Internal Revenue Code of 1986, as amended, a sufficient package of
21 benefits as specified in the Imagine Nebraska Act;

22 (d) Enforces a company policy against any discrimination that is
23 prohibited by federal or state law;

24 (e) Electronically verifies the work eligibility status of all new
25 employees employed in Nebraska within ninety days after the date of hire
26 during the entire performance period;

27 (f) Has gone through a change in ownership and control prior to the
28 application;

29 (g) Is a company within the state seeking to potentially retain,
30 attract, or relocate employees to the state following a merger or
31 combination described in subdivision (3) of this section;

1 (h) Retains at least ninety percent of its equivalent base-year
2 employment; and

3 (i) Is a qualified business;

4 (6) Equivalent employees means the number of employees computed by
5 dividing the total hours paid in a year by the product of forty times the
6 number of weeks in a year. A salaried employee who receives a
7 predetermined amount of compensation each pay period on a weekly or less
8 frequent basis is deemed to have been paid for forty hours per week
9 during the pay period;

10 (7) Nebraska statewide average hourly wage for any year means the
11 most recent statewide average hourly wage paid by all employers in all
12 counties in Nebraska as calculated by the Office of Labor Market
13 Information of the Department of Labor using annual data from the
14 Quarterly Census of Employment and Wages by October 1 of the year prior
15 to application. Hourly wages shall be calculated by dividing the reported
16 average annual weekly wage by forty;

17 (8) Out-of-state company means a company that is not organized under
18 the laws of this state;

19 (9) Performance period means the year of application plus the next
20 nine years;

21 (10) Qualified business means any business if the majority of the
22 business activities conducted throughout Nebraska by such business meet
23 the requirements for a qualified location as defined in subsection (1) or
24 (2) of section 77-6818. For purposes of this subdivision, the majority of
25 business activities conducted shall be determined based on the number of
26 equivalent employees working in the respective business activities;

27 (11) Taxpayer means any person subject to sales and use taxes under
28 the Nebraska Revenue Act of 1967 and subject to withholding under section
29 77-2753 and any entity that is or would otherwise be a member of the same
30 unitary group, if incorporated, that is subject to such sales and use
31 taxes and such withholding. Taxpayer does not include a political

1 subdivision or an organization that is exempt from income taxes under
2 section 501(a) of the Internal Revenue Code of 1986, as amended. For
3 purposes of this subdivision, political subdivision includes any public
4 corporation created for the benefit of a political subdivision and any
5 group of political subdivisions forming a joint public agency, organized
6 by interlocal agreement, or utilizing any other method of joint action;

7 (12) Wage retention credit means the credit described in the Grow
8 the Good Life Act; and

9 (13) Year means calendar year.

10 **Sec. 4.** Any term defined in the Nebraska Revenue Act of 1967 or in
11 the Imagine Nebraska Act has the same meaning in the Grow the Good Life
12 Act unless the context or the express language of the Grow the Good Life
13 Act requires a different meaning.

14 **Sec. 5.** (1) If an employer has entered into an agreement with the
15 state pursuant to section 6 of this act, the employer shall during each
16 year of the performance period receive the wage retention credit approved
17 by the director in the manner provided in the Grow the Good Life Act.

18 (2) The wage retention credit shall equal five percent of the total
19 compensation paid by the employer in the year to all retained employees
20 of the employer in Nebraska who are paid wages for services rendered at a
21 rate equal to at least one hundred percent of the Nebraska statewide
22 average hourly wage for the year of application. The wage retention
23 credit earned for all qualified employers shall not exceed five million
24 dollars in any year. If two or more employers qualify for benefits in any
25 given year, the employer with the largest average number of employees
26 within Nebraska during the ten years prior to the change in ownership or
27 control shall be fully funded first.

28 (3) The wage retention credits shall be allowed for each year in the
29 performance period. Unused credits may carry over only to the end of the
30 performance period except that any wage retention credits earned by
31 qualified employers prior to January 1, 2031, shall be deferred and the

1 deferred accrued amounts shall be added to annual earned wage retention
2 credits beginning on or after January 1, 2031. The total amount of
3 accrued and earned wage retention credits shall be subject to the five-
4 million-dollar annual limit and unused credits may carry over for a ten-
5 year period beginning on January 1, 2031.

6 (4) The total amount all employers may receive in credits pursuant
7 to the Grow the Good Life Act shall not exceed fifty million dollars. If
8 two or more employers qualify for benefits, the one with the earlier
9 approval will be fully funded first. This benefit is in addition to any
10 benefits the employer may otherwise qualify for under the ImagineNE
11 Nebraska Act or may have qualified for previously under the Nebraska
12 Advantage Act or the Employment and Investment Growth Act.

13 (5) Except for deferred wage retention credits under subsection (3)
14 of this section, the wage retention credit shall be claimed by filing the
15 forms required by the Tax Commissioner with the income tax return for the
16 taxable year which includes the end of the year the credits were earned.
17 The credits may be used after any other nonrefundable credits to reduce
18 the employer's income tax liability imposed by sections 77-2714 to
19 77-27,135. Credits may be used beginning with the taxable year which
20 includes December 31 of the first year in the performance period. The
21 last year for which credits may be used is the taxable year which
22 includes December 31 of the last year of the performance period. Any
23 decision on how part of the credit is applied shall not limit how the
24 remaining credit could be applied under this section. The Tax
25 Commissioner shall establish procedures for documenting and claiming the
26 deferred credits under subsection (3) of this section.

27 (6) The employer may use the wage retention credit to reduce the
28 employer's income tax withholding employer or payor tax liability under
29 section 77-2756 or 77-2757. To the extent of the credit used, such
30 withholding shall not constitute public funds or state tax revenue and
31 shall not constitute a trust fund or be owned by the state. The use by

1 the employer of the credit shall not change the amount that otherwise
2 would be reported by the employer to the employee under section 77-2754
3 as income tax withheld and shall not reduce the amount that otherwise
4 would be allowed by the state as a refundable credit on an employee's
5 income tax return as income tax withheld under section 77-2755.

6 **Sec. 6.** (1) In order for the employer to be eligible for the wage
7 retention credit, the employer shall file an application for an agreement
8 with the director.

9 (2) The application shall:

10 (a) State the exact name of the taxpayer and any related companies;

11 (b) Include a description, in detail, of the nature of the company's
12 business, including the products sold and respective markets;

13 (c) Request that the company be considered for approval under the
14 Grow the Good Life Act;

15 (d) Acknowledge that the employer understands and complies with the
16 requirements for providing health insurance, providing a sufficient
17 package of benefits, enforcing a policy against discrimination, and
18 verifying the work eligibility status of all new employees;

19 (e) State the number of base-year employees; and

20 (f) Include a nonrefundable application fee of five thousand
21 dollars. The fee shall be remitted to the State Treasurer for credit to
22 the Nebraska Incentives Fund.

23 (3) The application, and all supporting information, is confidential
24 except for the name of the taxpayer, the number of employees retained,
25 and whether the application has been approved.

26 (4) An application may be approved by the director only if it is
27 consistent with the legislative purposes contained in section 2 of this
28 act and the employer will retain at least ninety percent of the base-year
29 employees in the state throughout the performance period. This threshold
30 constitutes the required level of employment for purposes of the Grow the
31 Good Life Act. The director shall mail a notice within thirty days after

1 receiving the application, indicating the approval or disapproval of the
2 application, unless the time is extended by mutual written consent of the
3 director and applicant.

4 (5) If the application is approved by the director, the employer and
5 the state shall enter into a written agreement, which shall be executed
6 on behalf of the state by the director. In the agreement, the employer
7 shall agree to retain at least ninety percent of the base-year employees
8 and, in consideration of the employer's agreement, the state shall agree
9 to allow the wage retention credits as provided in the Grow the Good Life
10 Act. The application, and all supporting documentation, to the extent
11 approved, shall be considered a part of the agreement. The agreement may
12 contain such terms and conditions as the director specifies in order to
13 carry out the legislative purposes of the Grow the Good Life Act. The
14 agreement shall contain provisions to allow the Department of Revenue to
15 verify that the required levels of employment have been maintained.

16 **Sec. 7.** (1) If the taxpayer fails to retain the required level of
17 employment through the entire performance period, all or a portion of the
18 wage retention credits shall be recaptured directly by the state from the
19 taxpayer or shall be disallowed. In no event shall any wage retention
20 credits be required to be paid back directly or indirectly by the
21 employees. All such credits must be repaid by the taxpayer.

22 (2) The recapture or disallowance shall be as follows:

23 (a) No wage retention credits shall be allowed, and if already
24 allowed shall be recaptured, for the actual year or years in which the
25 required level of employment was not maintained;

26 (b) For wage retention credits allowed in prior years, one-tenth of
27 the credits shall be recaptured from the taxpayer for each year the
28 required level of employment was not maintained; and

29 (c) For wage retention credits for future years, one-tenth of the
30 credits shall be disallowed for each year the required level of
31 employment was not maintained in previous years.

1 (3) Any amounts required to be recaptured shall be deemed to be an
2 underpayment of tax, immediately due and payable, and shall constitute a
3 lien on the assets of the taxpayer. When wage retention credits were
4 received in more than one year, the credits received in the most recent
5 year shall be recovered first and then the credits received in earlier
6 years shall be recovered up to the extent of the required recapture.

7 (4) Interest shall accrue from the due date for the return for the
8 year in which the taxpayer failed to maintain the required level of
9 employment.

10 (5) Penalties shall not accrue until ninety days after the
11 requirement for recapture or disallowance becomes known or should have
12 become known to the taxpayer.

13 (6) The recapture or disallowance required by this section may be
14 waived by the Tax Commissioner if he or she finds the failure to maintain
15 the required level of employment was caused by unavoidable circumstances
16 such as an act of God or a national emergency.

17 **Sec. 8.** (1) The wage retention credits allowed under the Grow the
18 Good Life Act shall not be transferable except in the following
19 situations:

20 (a) Any credit allowable to a partnership, a limited liability
21 company, a subchapter S corporation, a cooperative, including a
22 cooperative exempt under section 521 of the Internal Revenue Code of
23 1986, as amended, a limited cooperative association, or an estate or
24 trust may be distributed to the partners, members, shareholders, patrons,
25 or beneficiaries in the same manner as income is distributed for use
26 against their income tax liabilities, and such partners, members,
27 shareholders, or beneficiaries shall be deemed to have made an
28 underpayment of their income taxes for any recapture required by section
29 7 of this act. A credit distributed shall be considered a credit used and
30 the partnership, limited liability company, subchapter S corporation,
31 cooperative, including a cooperative exempt under section 521 of the

1 Internal Revenue Code of 1986, as amended, limited cooperative
2 association, estate, or trust shall be liable for any repayment required
3 by section 7 of this act;

4 (b) The credit may be transferred to a qualified employee leasing
5 company from a taxpayer who is a client-lessee of the qualified employee
6 leasing company with employees performing services at the qualified
7 location or locations of the client-lessee. The credits transferred must
8 be designated for a specific year and cannot be carried forward by the
9 qualified employee leasing company. The credits may only be used by the
10 qualified employee leasing company to offset the income tax withholding
11 liability under section 77-2756 or 77-2757 for withholding for employees
12 performing services for the client-lessee in Nebraska. The offset to such
13 withholding liability must be computed in accordance with subsection (6)
14 of section 5 of this act based on wages paid to the employees by the
15 qualified employee leasing company, and not the amount paid to the
16 qualified employee leasing company by the client-lessee; and

17 (c) The credits previously allowed and future credits may be
18 transferred when an agreement is transferred in its entirety by sale or
19 lease to another taxpayer or in an acquisition of assets qualifying under
20 section 381 of the Internal Revenue Code of 1986, as amended.

21 (2) The acquiring taxpayer, as of the date of notification to the
22 director of the completed transfer, shall be entitled to any unused
23 credits and to any future credits allowable under the Grow the Good Life
24 Act.

25 (3) The acquiring taxpayer shall be liable for any recapture that
26 becomes due after the date of the transfer for the repayment of any
27 credits received either before or after the transfer.

28 (4) If a taxpayer dies and there is a credit remaining after the
29 filing of the final return for the taxpayer, the personal representative
30 shall determine the distribution of the credit or any remaining carryover
31 with the initial fiduciary return filed for the estate. The determination

1 of the distribution of the credit may be changed only after obtaining the
2 permission of the Tax Commissioner.

3 (5) The director and the Tax Commissioner may disclose information
4 to the acquiring taxpayer about the agreement and prior credits that is
5 reasonably necessary to determine the future credits and liabilities of
6 the taxpayer.

7 **Sec. 9.** The Department of Economic Development and the Department
8 of Revenue, in consultation with the Governor, may adopt and promulgate
9 rules and regulations necessary or appropriate to carry out the purposes
10 of the Grow the Good Life Act.

11 **Sec. 10.** (1) The Department of Economic Development and the
12 Department of Revenue shall jointly submit electronically an annual
13 report to the Legislature no later than October 31 of each year. The
14 report shall be on a fiscal year, accrual basis that satisfies the
15 requirements set by the Governmental Accounting Standards Board. The
16 Department of Economic Development and the Department of Revenue shall
17 together, on or before December 15 of each year, appear at a joint
18 hearing of the Appropriations Committee of the Legislature and the
19 Revenue Committee of the Legislature and present the report. Any
20 supplemental information requested by three or more committee members
21 must be provided within thirty days after the request.

22 (2) The report shall list (a) the agreements which have been signed
23 during the previous calendar year, (b) the agreements which are still in
24 effect, and (c) the identity of each taxpayer that is a party to an
25 agreement.

26 (3) The report shall provide information on agreement-specific total
27 credits used every two years for each agreement. The report shall
28 disclose the identity of the taxpayer and the total credits used during
29 the immediately preceding two years, expressed as a single, aggregated
30 total. The information required to be reported under this subsection
31 shall not be reported for the first year the taxpayer maintains the

1 required employment threshold. The information on first-year credits used
2 shall be combined with and reported as part of the second year.
3 Thereafter, the information on credits used for succeeding years shall be
4 reported for each agreement every two years containing information on two
5 years of credits used.

6 (4) No information shall be provided in the report that is protected
7 by state or federal confidentiality laws.

8 **Sec. 11.** (1) Any complete application shall be considered a valid
9 application on the date submitted for the purposes of the Grow the Good
10 Life Act.

11 (2) The director shall be allowed access, by the Tax Commissioner,
12 to information associated with the Employment and Investment Growth Act,
13 the Imagine Nebraska Act, the Key Employer and Jobs Retention Act, the
14 Nebraska Advantage Act, and the Nebraska Advantage Rural Development Act
15 to meet the director's obligations under the Grow the Good Life Act.

16 (3) The director may contract with the Tax Commissioner for services
17 that the director determines are necessary to fulfill the director's
18 responsibilities under the Grow the Good Life Act, other than services
19 which constitute the actual actions and decisions required to be taken or
20 made by the director under the Grow the Good Life Act.

21 **Sec. 12.** Applications under the Grow the Good Life Act may be filed
22 beginning January 1, 2027, through May 31, 2029. All applications and all
23 agreements pending, approved, or entered into on or before May 31, 2029,
24 shall continue in full force and effect.

25 **Sec. 13.** Section 49-801.01, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 49-801.01 Except as provided by Article VIII, section 1B, of the
28 Constitution of Nebraska and in sections 77-1106, 77-1108, 77-1109,
29 77-1117, 77-1119, 77-2701.01, 77-2714 to 77-27,123, 77-27,191, 77-2902,
30 77-2906, 77-2908, 77-2909, 77-4103, 77-4104, 77-4108, 77-5509, 77-5515,
31 77-5527 to 77-5529, 77-5539, 77-5717 to 77-5719, 77-5728, 77-5802,

1 77-5803, 77-5806, 77-5903, 77-6302, 77-6306, 77-6509, 77-6513, 77-6519,
2 77-6811, 77-6815, 77-6819, 77-6821, 77-6822, 77-6831, 77-6834, 77-6842,
3 77-6908, 77-6913, 77-6915, 77-6916, and 77-6925 and sections 3 and 8 of
4 this act, any reference to the Internal Revenue Code refers to the
5 Internal Revenue Code of 1986 as it exists on April 12, 2018.

6 **Sec. 14.** Section 77-6538, Revised Statutes Supplement, 2025, is
7 amended to read:

8 77-6538 (1) If a qualified employer has entered into an agreement
9 with the state pursuant to section 77-6539, the qualified employer shall
10 during each year of the performance period receive the wage credit
11 approved by the Tax Commissioner in the manner provided in the Defense
12 Efforts Workforce Act.

13 (2) The wage credit shall equal five percent of the total
14 compensation paid by the qualified employer in the year to all qualified
15 employees of the qualified employer in Nebraska. The wage credit earned
16 for all qualified employers shall not exceed four million dollars in any
17 year. If two or more qualified employers qualify for benefits in any
18 given year, the one with the earlier approval will be fully funded first.

19 (3) The wage credits shall be allowed for each year in the
20 performance period. Unused credits may carry over and be applied against
21 future state withholdings.

22 (4) The total amount all qualified employers may receive in credits
23 pursuant to the Defense Efforts Workforce Act shall not exceed forty
24 million dollars. If two or more qualified employers qualify for benefits,
25 the one with the earlier approval will be fully funded first. This
26 benefit is in addition to any benefits the qualified employer may
27 otherwise qualify for under the Imagine Nebraska Act or the Grow the Good
28 Life Act or may have qualified for previously under the Nebraska
29 Advantage Act, the Employment and Investment Growth Act, or the Key
30 Employer and Jobs Retention Act.

31 (5) The qualified employer may use the wage credit to reduce the

1 qualified employer's income tax withholding or payor tax liability under
2 section 77-2756 or 77-2757. To the extent of the credit used, such
3 withholding shall not constitute public funds or state tax revenue and
4 shall not constitute a trust fund or be owned by the state. The use by
5 the qualified employer of the credit shall not change the amount that
6 otherwise would be reported by the qualified employer to the employee
7 under section 77-2754 as income tax withheld and shall not reduce the
8 amount that otherwise would be allowed by the state as a refundable
9 credit on an employee's income tax return as income tax withheld under
10 section 77-2755.

11 **Sec. 15.** Section 77-6831, Revised Statutes Supplement, 2025, is
12 amended to read:

13 77-6831 (1) A taxpayer shall be entitled to the sales and use tax
14 incentives contained in subsection (2) of this section if the taxpayer:

15 (a) Attains a cumulative investment in qualified property of at
16 least five million dollars and hires at least thirty new employees at the
17 qualified location or locations before the end of the ramp-up period;

18 (b) Attains a cumulative investment in qualified property of at
19 least two hundred fifty million dollars and hires at least two hundred
20 fifty new employees at the qualified location or locations before the end
21 of the ramp-up period; or

22 (c) Attains a cumulative investment in qualified property of at
23 least fifty million dollars at the qualified location or locations before
24 the end of the ramp-up period. To receive incentives under this
25 subdivision, the taxpayer must meet the following conditions:

26 (i) The average compensation of the taxpayer's employees at the
27 qualified location or locations for each year of the performance period
28 must equal at least one hundred fifty percent of the Nebraska statewide
29 average hourly wage for the year of application;

30 (ii) The taxpayer must offer to its employees who constitute full-
31 time employees as defined and described in section 4980H of the Internal

1 Revenue Code of 1986, as amended, and the regulations for such section,
2 at the qualified location or locations for each year of the performance
3 period, the opportunity to enroll in minimum essential coverage under an
4 eligible employer-sponsored plan, as those terms are defined and
5 described in section 5000A of the Internal Revenue Code of 1986, as
6 amended, and the regulations for such section; and

7 (iii) The taxpayer must offer a sufficient package of benefits as
8 described in subdivision (1)(j) of section 77-6828.

9 (2) A taxpayer meeting the requirements of subsection (1) of this
10 section shall be entitled to the following sales and use tax incentives:

11 (a) A refund of all sales and use taxes paid under the Local Option
12 Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment
13 Payment Act, and sections 13-319, 13-324, and 13-2813 from the date of
14 the complete application through the meeting of the required levels of
15 employment and investment for all purchases, including rentals, of:

16 (i) Qualified property used at the qualified location or locations;

17 (ii) Property, excluding motor vehicles, based in this state and
18 used in both this state and another state in connection with the
19 qualified location or locations except when any such property is to be
20 used for fundraising for or for the transportation of an elected
21 official;

22 (iii) Tangible personal property by a contractor or repairperson
23 after appointment as a purchasing agent of the owner of the improvement
24 to real estate when such property is incorporated into real estate at the
25 qualified location or locations. The refund shall be based on fifty
26 percent of the contract price, excluding any land, as the cost of
27 materials subject to the sales and use tax;

28 (iv) Tangible personal property by a contractor or repairperson
29 after appointment as a purchasing agent of the taxpayer when such
30 property is annexed to, but not incorporated into, real estate at the
31 qualified location or locations. The refund shall be based on the cost of

1 materials subject to the sales and use tax that were annexed to real
2 estate; and

3 (v) Tangible personal property by a contractor or repairperson after
4 appointment as a purchasing agent of the taxpayer when such property is
5 both (A) incorporated into real estate at the qualified location or
6 locations and (B) annexed to, but not incorporated into, real estate at
7 the qualified location or locations. The refund shall be based on fifty
8 percent of the contract price, excluding any land, as the cost of
9 materials subject to the sales and use tax; and

10 (b) An exemption from all sales and use taxes under the Local Option
11 Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment
12 Payment Act, and sections 13-319, 13-324, and 13-2813 on the types of
13 purchases, including rentals, listed in subdivision (a) of this
14 subsection for such purchases, including rentals, occurring during each
15 year of the performance period in which the taxpayer is at or above the
16 required levels of employment and investment, except that the exemption
17 shall be for the actual materials purchased with respect to subdivisions
18 (2)(a)(iii), (iv), and (v) of this section. The Tax Commissioner shall
19 issue such rules, regulations, certificates, and forms as are appropriate
20 to implement the efficient use of this exemption.

21 (3)(a) Upon execution of the agreement, the taxpayer shall be issued
22 a direct payment permit under section 77-2705.01, notwithstanding the
23 three million dollars in purchases limitation in subsection (1) of
24 section 77-2705.01, for each qualified location specified in the
25 agreement, unless the taxpayer has opted out of this requirement in the
26 agreement. For any taxpayer who is issued a direct payment permit, until
27 such taxpayer makes the investment in qualified property and hires the
28 new employees at the qualified location or locations as specified in
29 subsection (1) of this section, the taxpayer must pay and remit any
30 applicable sales and use taxes as required by the Tax Commissioner.

31 (b) If the taxpayer makes the investment in qualified property and

1 hires the new employees at the qualified location or locations as
2 specified in subsection (1) of this section, the taxpayer shall receive
3 the sales tax refunds described in subdivision (2)(a) of this section.
4 For any year in which the taxpayer is not at the required levels of
5 employment and investment, the taxpayer shall report all sales and use
6 taxes owed for the period on the taxpayer's tax return.

7 (4) The taxpayer shall be entitled to one of the following credits
8 for payment of wages to new employees:

9 (a)(i) If a taxpayer attains a cumulative investment in qualified
10 property of at least one million dollars and hires at least ten new
11 employees at the qualified location or locations before the end of the
12 ramp-up period, the taxpayer shall be entitled to a credit equal to four
13 percent times the average wage of new employees times the number of new
14 employees. Wages in excess of one million dollars paid to any one
15 employee during the year shall be excluded from the calculations under
16 this subdivision;

17 (ii) If the taxpayer attains a cumulative investment in qualified
18 property of at least one million dollars and hires at least ten new
19 employees at the qualified location or locations before the end of the
20 ramp-up period and the number of new employees and investment are at a
21 qualified location in a county in Nebraska with a population of one
22 hundred thousand or greater, and at which the majority of the business
23 activities conducted are described in subdivision (1)(a) or (1)(n) of
24 section 77-6818, the taxpayer shall be entitled to a credit equal to five
25 ~~four~~ percent times the average wage of new employees times the number of
26 new employees. Wages in excess of one million dollars paid to any one
27 employee during the year shall be excluded from the calculations under
28 this subdivision; or

29 (iii) If the taxpayer attains a cumulative investment in qualified
30 property of at least one million dollars and hires at least ten new
31 employees at the qualified location or locations before the end of the

1 ramp-up period and the number of new employees and investment are at a
2 qualified location or locations within one or more counties in Nebraska
3 that each have a population of less than one hundred thousand, and at
4 which the majority of the business activities conducted are described in
5 subdivision (1)(a) or (1)(n) of section 77-6818, the taxpayer shall be
6 entitled to a credit equal to seven ~~six~~ percent times the average wage of
7 new employees times the number of new employees. For purposes of meeting
8 the ten-employee requirement of this subdivision, the number of new
9 employees shall be multiplied by two. Wages in excess of one million
10 dollars paid to any one employee during the year shall be excluded from
11 the calculations under this subdivision;

12 (b) If a taxpayer hires at least twenty new employees at the
13 qualified location or locations before the end of the ramp-up period, the
14 taxpayer shall be entitled to a credit equal to six ~~five~~ percent times
15 the average wage of new employees times the number of new employees if
16 the average wage of the new employees equals at least one hundred percent
17 of the Nebraska statewide average hourly wage for the year of
18 application. The credit shall equal eight ~~seven~~ percent times the average
19 wage of new employees times the number of new employees if the average
20 wage of the new employees equals at least one hundred fifty percent of
21 the Nebraska statewide average hourly wage for the year of application.
22 The credit shall equal ten ~~nine~~ percent times the average wage of new
23 employees times the number of new employees if the average wage of the
24 new employees equals at least two hundred percent of the Nebraska
25 statewide average hourly wage for the year of application. Wages in
26 excess of one million dollars paid to any one employee during the year
27 shall be excluded from the calculations under this subdivision;

28 (c) If a taxpayer attains a cumulative investment in qualified
29 property of at least five million dollars and hires at least thirty new
30 employees at the qualified location or locations before the end of the
31 ramp-up period, the taxpayer shall be entitled to a credit equal to five

1 percent times the average wage of new employees times the number of new
2 employees if the average wage of the new employees equals at least one
3 hundred percent of the Nebraska statewide average hourly wage for the
4 year of application. The credit shall equal seven percent times the
5 average wage of new employees times the number of new employees if the
6 average wage of the new employees equals at least one hundred fifty
7 percent of the Nebraska statewide average hourly wage for the year of
8 application. The credit shall equal nine percent times the average wage
9 of new employees times the number of new employees if the average wage of
10 the new employees equals at least two hundred percent of the Nebraska
11 statewide average hourly wage for the year of application. Wages in
12 excess of one million dollars paid to any one employee during the year
13 shall be excluded from the calculations under this subdivision;

14 (d) If a taxpayer attains a cumulative investment in qualified
15 property of at least two hundred fifty million dollars and hires at least
16 two hundred fifty new employees at the qualified location or locations
17 before the end of the ramp-up period, the taxpayer shall be entitled to a
18 credit equal to seven percent times the average wage of new employees
19 times the number of new employees if the average wage of the new
20 employees equals at least one hundred fifty percent of the Nebraska
21 statewide average hourly wage for the year of application. The credit
22 shall equal nine percent times the average wage of new employees times
23 the number of new employees if the average wage of the new employees
24 equals at least two hundred percent of the Nebraska statewide average
25 hourly wage for the year of application. Wages in excess of one million
26 dollars paid to any one employee during the year shall be excluded from
27 the calculations under this subdivision; or

28 (e) If a taxpayer attains a cumulative investment in qualified
29 property of at least two hundred fifty thousand dollars but less than one
30 million dollars and hires at least five new employees at the qualified
31 location or locations before the end of the ramp-up period and the number

1 of new employees and investment are at a qualified location within an
2 economic redevelopment area, the taxpayer shall be entitled to a credit
3 equal to six percent times the average wage of new employees times the
4 number of new employees if the average wage of the new employees equals
5 at least seventy percent of the Nebraska statewide average hourly wage
6 for the year of application. Wages in excess of one million dollars paid
7 to any one employee during the year shall be excluded from the
8 calculations under this subdivision. For purposes of this subdivision,
9 economic redevelopment area means an area in which (i) the average rate
10 of unemployment in the area during the period covered by the most recent
11 American Community Survey 5-Year Estimate is at least one hundred fifty
12 percent of the average rate of unemployment in the state during the same
13 period and (ii) the average poverty rate in the area exceeds twenty
14 percent for the total federal census tract or tracts or federal census
15 block group or block groups in the area.

16 (5) The taxpayer shall be entitled to one of the following credits
17 for new investment:

18 (a)(i) If a taxpayer attains a cumulative investment in qualified
19 property of at least one million dollars and hires at least ten new
20 employees at the qualified location or locations before the end of the
21 ramp-up period, the taxpayer shall be entitled to a credit equal to four
22 percent of the investment made in qualified property at the qualified
23 location or locations;

24 (ii) If the taxpayer attains a cumulative investment in qualified
25 property of at least one million dollars and hires at least ten new
26 employees at the qualified location or locations before the end of the
27 ramp-up period and the number of new employees and investment are at a
28 qualified location in a county in Nebraska with a population of one
29 hundred thousand or greater, and at which the majority of the business
30 activities conducted are described in subdivision (1)(a) or (1)(n) of
31 section 77-6818, the taxpayer shall be entitled to a credit equal to five

1 ~~four~~ percent of the investment made in qualified property at the
2 qualified location or locations unless the cumulative investment exceeds
3 ten million dollars, in which case the taxpayer shall be entitled to a
4 credit equal to eight ~~seven~~ percent of the investment made in qualified
5 property at the qualified location or locations; or

6 (iii) If the taxpayer attains a cumulative investment in qualified
7 property of at least one million dollars and hires at least ten new
8 employees at the qualified location or locations before the end of the
9 ramp-up period and the number of new employees and investment are at a
10 qualified location or locations within one or more counties in Nebraska
11 that each have a population of less than one hundred thousand, and at
12 which the majority of the business activities conducted are described in
13 subdivision (1)(a) or (1)(n) of section 77-6818, the taxpayer shall be
14 entitled to a credit equal to five ~~four~~ percent of the investment made in
15 qualified property at the qualified location or locations unless the
16 cumulative investment exceeds ten million dollars, in which case the
17 taxpayer shall be entitled to a credit equal to eight ~~seven~~ percent of
18 the investment made in qualified property at the qualified location or
19 locations. For purposes of meeting the ten-employee requirement of this
20 subdivision, the number of new employees shall be multiplied by two;

21 (b) If a taxpayer attains a cumulative investment in qualified
22 property of at least five million dollars and hires at least thirty new
23 employees at the qualified location or locations before the end of the
24 ramp-up period, the taxpayer shall be entitled to a credit equal to seven
25 percent of the investment made in qualified property at the qualified
26 location or locations;

27 (c) If a taxpayer attains a cumulative investment in qualified
28 property of at least two hundred fifty million dollars and hires at least
29 two hundred fifty new employees at the qualified location or locations
30 before the end of the ramp-up period, the taxpayer shall be entitled to a
31 credit equal to seven percent of the investment made in qualified

1 property at the qualified location or locations; or

2 (d) If a taxpayer attains a cumulative investment in qualified
3 property of at least two hundred fifty thousand dollars but less than one
4 million dollars and hires at least five new employees at the qualified
5 location or locations before the end of the ramp-up period and the number
6 of new employees and investment are at a qualified location within an
7 economic redevelopment area, the taxpayer shall be entitled to a credit
8 equal to four percent of the investment made in qualified property at the
9 qualified location or locations. For purposes of this subdivision,
10 economic redevelopment area means an area in which (i) the average rate
11 of unemployment in the area during the period covered by the most recent
12 American Community Survey 5-Year Estimate is at least one hundred fifty
13 percent of the average rate of unemployment in the state during the same
14 period and (ii) the average poverty rate in the area exceeds twenty
15 percent for the total federal census tract or tracts or federal census
16 block group or block groups in the area.

17 (6)(a) The credit percentages prescribed in subdivisions (4)(a),
18 (b), (c), and (d) and subdivisions (5)(a), (b), and (c) of this section
19 shall be increased by one percentage point for wages paid and investments
20 made at qualified locations in an extremely blighted area. For purposes
21 of this subdivision, extremely blighted area means an area which, before
22 the end of the ramp-up period, has been declared an extremely blighted
23 area under section 18-2101.02.

24 (b) The credit percentages prescribed in subsections (4) and (5) of
25 this section shall be increased by one percentage point if the taxpayer:

26 (i) Employs three thousand or more Nebraska-based full-time
27 employees as defined and described in section 4980H of the Internal
28 Revenue Code of 1986, as amended, and the regulations for such section Is
29 a benefit corporation as defined in section 21-403 and has been such a
30 corporation for at least one year prior to submitting an application
31 under the Imagine Nebraska Act; and

1 (ii) Within a seven-year period starting when a change in ownership
2 and control as defined in subdivision (3) of section 3 of this act
3 occurs, hires an additional five hundred or more full-time employees as
4 defined and described in section 4980H of the Internal Revenue Code of
5 1986, as amended, and the regulations for such section. The average
6 annual wages for such additional full-time employees must be one hundred
7 thousand dollars or more. Such additional full-time employees must be (A)
8 newly employed by the taxpayer in this state, (B) an existing employee of
9 the taxpayer who transfers from a position not within the state to a
10 position in this state, or (C) a new employee of the taxpayer who
11 relocates to a position in this state. Upon reaching the five hundred or
12 more full-time employee threshold, the increased tax credit percentages
13 shall apply both retroactively and prospectively within the performance
14 period ~~Remains a benefit corporation as defined in section 21-403 for the~~
15 ~~duration of the taxpayer's agreement under the Imagine Nebraska Act.~~

16 (c) A taxpayer may, if qualified, receive one or both of the
17 increases provided in this subsection.

18 (7)(a) The credits prescribed in subsections (4) and (5) of this
19 section shall be allowable for wages paid and investments made during
20 each year of the performance period that the taxpayer is at or above the
21 required levels of employment and investment.

22 (b) The credits prescribed in subsection (5) of this section shall
23 also be allowable during the first year of the performance period for
24 investment in qualified property at the qualified location or locations
25 after the date of the complete application and before the beginning of
26 the performance period.

27 (8)(a) Property described in subdivision (8)(c) of this section used
28 at the qualified location or locations, whether purchased or leased, and
29 placed in service by the taxpayer after the date of the complete
30 application, shall constitute separate classes of property and are
31 eligible for exemption under the conditions and for the time periods

1 provided in subdivision (8)(b) of this section.

2 (b) A taxpayer shall receive the exemption of property in
3 subdivision (8)(c) of this section if the taxpayer attains one of the
4 following employment and investment levels: (i) Cumulative investment in
5 qualified property of at least five million dollars and the hiring of at
6 least thirty new employees at the qualified location or locations before
7 the end of the ramp-up period; (ii) cumulative investment in qualified
8 property of at least fifty million dollars at the qualified location or
9 locations before the end of the ramp-up period, provided the average
10 compensation of the taxpayer's employees at the qualified location or
11 locations for the year in which such investment level was attained equals
12 at least one hundred fifty percent of the Nebraska statewide average
13 hourly wage for the year of application and the taxpayer offers to its
14 employees who constitute full-time employees as defined and described in
15 section 4980H of the Internal Revenue Code of 1986, as amended, and the
16 regulations for such section, at the qualified location or locations for
17 the year in which such investment level was attained, the opportunity to
18 enroll in minimum essential coverage under an eligible employer-sponsored
19 plan, as those terms are defined and described in section 5000A of the
20 Internal Revenue Code of 1986, as amended, and the regulations for such
21 section; or (iii) cumulative investment in qualified property of at least
22 two hundred fifty million dollars and the hiring of at least two hundred
23 fifty new employees at the qualified location or locations before the end
24 of the ramp-up period. Such property shall be eligible for the exemption
25 from the first January 1 following the end of the year during which the
26 required levels were exceeded through the ninth December 31 after the
27 first year property included in subdivision (8)(c) of this section
28 qualifies for the exemption, except that for a taxpayer who has filed an
29 application under NAICS code 518210 for Data Processing, Hosting, and
30 Related Services and who files a separate sequential application for the
31 same NAICS code for which the ramp-up period begins with the year

1 immediately after the end of the previous project's performance period or
2 a taxpayer who has a project qualifying under subdivision (1)(b)(ii) of
3 section 77-5725 and who files a separate sequential application for NAICS
4 code 518210 for Data Processing, Hosting, and Related Services for which
5 the ramp-up period begins with the year immediately after the end of the
6 previous project's entitlement period, such property described in
7 subdivision (8)(c)(i) of this section shall be eligible for the exemption
8 from the first January 1 following the placement in service of such
9 property through the ninth December 31 after the year the first claim for
10 exemption is approved.

11 (c) The following personal property used at the qualified location
12 or locations, whether purchased or leased, and placed in service by the
13 taxpayer after the date of the complete application shall constitute
14 separate classes of personal property:

15 (i) All personal property that constitutes a data center if the
16 taxpayer qualifies under subdivision (8)(b)(i) or (8)(b)(ii) of this
17 section;

18 (ii) Business equipment that is located at a qualified location or
19 locations and that is involved directly in the manufacture or processing
20 of agricultural products, including business equipment used primarily for
21 the capture and compression of carbon dioxide, the manufacturing of
22 liquid fertilizer or any other chemical applied to agricultural crops, or
23 the manufacturing of any liquid additive for a farm vehicle fuel if the
24 taxpayer qualifies under subdivision (8)(b)(i) or (8)(b)(ii) of this
25 section; or

26 (iii) All personal property if the taxpayer qualifies under
27 subdivision (8)(b)(iii) of this section.

28 (d) In order to receive the property tax exemptions allowed by
29 subdivision (8)(c) of this section, the taxpayer shall annually file a
30 claim for exemption with the Tax Commissioner on or before May 1. The
31 form and supporting schedules shall be prescribed by the Tax Commissioner

1 and shall list all property for which exemption is being sought under
2 this section. A separate claim for exemption must be filed for each
3 agreement and each county in which property is claimed to be exempt. A
4 copy of this form must also be filed with the county assessor in each
5 county in which the applicant is requesting exemption. The Tax
6 Commissioner shall determine whether a taxpayer is eligible to obtain
7 exemption for personal property based on the criteria for exemption and
8 the eligibility of each item listed for exemption and, on or before
9 August 1, certify such determination to the taxpayer and to the affected
10 county assessor.

11 (9) The taxpayer shall, on or before the receipt or use of any
12 incentives under this section, pay to the director a fee of one-half
13 percent of such incentives, except for the exemption on personal
14 property, for administering the Imagine Nebraska Act, except that the fee
15 on any sales tax exemption may be paid by the taxpayer with the filing of
16 its sales and use tax return. Such fee may be paid by direct payment to
17 the director or through withholding of available refunds. A credit shall
18 be allowed against such fee for the amount of the fee paid with the
19 application. All fees collected under this subsection shall be remitted
20 to the State Treasurer for credit to the Imagine Nebraska Cash Fund,
21 which fund is hereby created. The fund shall consist of fees credited
22 under this subsection and any other money appropriated to the fund by the
23 Legislature. The fund shall be administered by the Department of Economic
24 Development and shall be used for administration of the Imagine Nebraska
25 Act. Any money in the fund available for investment shall be invested by
26 the state investment officer pursuant to the Nebraska Capital Expansion
27 Act and the Nebraska State Funds Investment Act.

28 **Sec. 16.** Section 77-6832, Revised Statutes Cumulative Supplement,
29 2024, is amended to read:

30 77-6832 (1)(a) The credits prescribed in section 77-6831 for a year
31 shall be established by filing the forms required by the Tax Commissioner

1 with the income tax return for the taxable year which includes the end of
2 the year the credits were earned. The credits may be used and shall be
3 applied in the order in which they were first allowable under the Imagine
4 Nebraska Act. To the extent the taxpayer has credits under the Nebraska
5 Advantage Act or the Employment and Investment Growth Act still available
6 for use in a year or years which overlap the performance period or
7 carryover period of the Imagine Nebraska Act, the credits may be used and
8 shall be applied in the order in which they were first allowable, and
9 when there are credits of the same age, the older tax incentive program's
10 credits shall be applied first. The credits may be used after any other
11 nonrefundable credits to reduce the taxpayer's income tax liability
12 imposed by sections 77-2714 to 77-27,135. Credits may be used beginning
13 with the taxable year which includes December 31 of the year the required
14 minimum levels were reached. The last year for which credits may be used
15 is the taxable year which includes December 31 of the last year of the
16 carryover period. Any decision on how part of the credit is applied shall
17 not limit how the remaining credit could be applied under this section.

18 (b) The taxpayer may use the credit provided in subsection (4) of
19 section 77-6831 (i) to reduce the taxpayer's income tax withholding
20 employer or payor tax liability under section 77-2756 or 77-2757, to the
21 extent such liability is attributable to the number of new employees
22 employed at the qualified location or locations, excluding any wages in
23 excess of one million dollars paid to any one employee during the year or
24 (ii) to reduce a qualified employee leasing company's income tax
25 withholding employer or payor tax liability under section 77-2756 or
26 77-2757, when the taxpayer is the client-lessee of such company, to the
27 extent such liability is attributable to the number of new employees
28 performing services for such client-lessee at the qualified location or
29 locations, excluding any wages in excess of one million dollars paid to
30 any one employee during the year. To the extent of the credit used, such
31 withholding shall not constitute public funds or state tax revenue and

1 shall not constitute a trust fund or be owned by the state. The use by
2 the taxpayer or the qualified employee leasing company of the credit
3 shall not change the amount that otherwise would be reported by the
4 taxpayer, or such qualified employee leasing company, to the employee
5 under section 77-2754 as income tax withheld and shall not reduce the
6 amount that otherwise would be allowed by the state as a refundable
7 credit on an employee's income tax return as income tax withheld under
8 section 77-2755. The amount of credits used against income tax
9 withholding shall not exceed the withholding attributable to the number
10 of new employees employed at the qualified location or locations or, for
11 a qualified employee leasing company, the number of new employees
12 performing services for the applicable client-lessee at the qualified
13 location or locations, excluding any wages in excess of one million
14 dollars paid to any one employee during the year. If the amount of credit
15 used by the taxpayer or the qualified employee leasing company against
16 income tax withholding exceeds such amount, the excess withholding shall
17 be returned to the Department of Revenue in the manner provided in
18 section 77-2756, such excess amount returned shall be considered unused,
19 and the amount of unused credits may be used as otherwise permitted in
20 this section or shall carry over to the extent authorized in subdivision
21 (1)(g) of this section.

22 (c) Credits may be used to obtain a refund of sales and use taxes
23 under the Local Option Revenue Act, the Nebraska Revenue Act of 1967, the
24 Qualified Judgment Payment Act, and sections 13-319, 13-324, and 13-2813
25 that are not subject to direct refund under section 77-6831 and that are
26 paid on purchases, including rentals, for use at a qualified location.

27 (d) The credits provided in subsections (4) and (5) of section
28 77-6831 may be used to repay a loan for job training or infrastructure
29 development as provided in section 77-6841.

30 (e) Credits may be used to obtain a payment from the state equal to
31 the amount which the taxpayer demonstrates to the director was paid by

1 the taxpayer after the date of the complete application for job training
2 and talent recruitment of employees who qualify in the number of new
3 employees, to the extent that proceeds from a loan described in section
4 77-6841 were not used to make such payments. For purposes of this
5 subdivision:

6 (i) Job training means training for a prospective or new employee
7 that is provided after the date of the complete application by a Nebraska
8 nonprofit college or university, a Nebraska public or private secondary
9 school, a Nebraska educational service unit, or a company that is not a
10 member of the taxpayer's unitary group or a related person to the
11 taxpayer; and

12 (ii) Talent recruitment means talent recruitment activities that
13 result in a newly recruited employee who is hired by the taxpayer after
14 the date of the complete application and who is paid compensation during
15 the year of hire at a rate equal to at least one hundred percent of the
16 Nebraska statewide average hourly wage for the year of application,
17 including marketing, relocation expenses, and search-firm fees. Talent
18 recruitment payments that may be reimbursed include, without limitation,
19 payment by the taxpayer, without repayment by the employee, of an
20 employee's student loans, an employee's tuition, and an employee's
21 downpayment on a primary residence in Nebraska. Talent recruitment
22 payments that may be reimbursed shall not include payments for the
23 recruitment of a person who constitutes a related person to the taxpayer
24 when the taxpayer is an individual or recruitment of a person who
25 constitutes a related person to an owner of the taxpayer when the
26 taxpayer is a partnership, a limited liability company, or a subchapter S
27 corporation.

28 (f) The credits provided in subsections (4) and (5) of section
29 77-6831 may be used to obtain a payment from the state equal to the
30 amount which the taxpayer demonstrates to the director was paid for
31 ~~taxpayer-sponsored child care for employees at the qualified location or~~

1 ~~locations~~ during the performance period and the carryover period.
2 Taxpayers may pay up to fifty percent of child care costs for employees
3 using such credit.

4 (g) Credits may be carried over until fully utilized through the end
5 of the carryover period.

6 (2)(a) No refund claims shall be filed until after the required
7 levels of employment and investment have been met.

8 (b) Refund claims shall be filed no more than once each quarter for
9 refunds under the Imagine Nebraska Act, except that any claim for a
10 refund in excess of twenty-five thousand dollars may be filed at any
11 time.

12 (c) Refund claims for materials purchased by a purchasing agent
13 shall include:

14 (i) A copy of the purchasing agent appointment;

15 (ii) The contract price; and

16 (iii)(A) For refunds under subdivision (2)(a)(iii) or (2)(a)(v) of
17 section 77-6831, a certification by the contractor or repairperson of the
18 percentage of the materials incorporated into or annexed to the qualified
19 location on which sales and use taxes were paid to Nebraska after
20 appointment as purchasing agent; or

21 (B) For refunds under subdivision (2)(a)(iv) of section 77-6831, a
22 certification by the contractor or repairperson of the percentage of the
23 contract price that represents the cost of materials annexed to the
24 qualified location and the percentage of the materials annexed to the
25 qualified location on which sales and use taxes were paid to Nebraska
26 after appointment as purchasing agent.

27 (d) All refund claims shall be filed, processed, and allowed as any
28 other claim under section 77-2708, except that the amounts allowed to be
29 refunded under the Imagine Nebraska Act shall be deemed to be
30 overpayments and shall be refunded notwithstanding any limitation in
31 subdivision (2)(a) of section 77-2708. The refund may be allowed if the

1 claim is filed within three years from the end of the year the required
2 levels of employment and investment are met or within the period set
3 forth in section 77-2708. Refunds shall be paid by the Tax Commissioner
4 within one hundred eighty days after receipt of the refund claim. Such
5 payments shall be subject to later recovery by the Tax Commissioner upon
6 audit.

7 (e) If a claim for a refund of sales and use taxes under the Local
8 Option Revenue Act, the Qualified Judgment Payment Act, or sections
9 13-319, 13-324, and 13-2813 of more than twenty-five thousand dollars is
10 filed by June 15 of a given year, the refund shall be made on or after
11 November 15 of the same year. If such a claim is filed on or after June
12 16 of a given year, the refund shall not be made until on or after
13 November 15 of the following year. The Tax Commissioner shall notify the
14 affected city, village, county, or municipal county of the amount of
15 refund claims of sales and use taxes under the Local Option Revenue Act,
16 the Qualified Judgment Payment Act, or sections 13-319, 13-324, and
17 13-2813 that are in excess of twenty-five thousand dollars on or before
18 July 1 of the year before the claims will be paid under this section.

19 (f) For refunds of sales and use taxes under the Local Option
20 Revenue Act, the deductions made by the Tax Commissioner for such refunds
21 shall be delayed in accordance with section 77-27,144.

22 (g) Interest shall not be allowed on any taxes refunded under the
23 ImagiNE Nebraska Act.

24 (3) The appointment of purchasing agents shall be recognized for the
25 purpose of changing the status of a contractor or repairperson as the
26 ultimate consumer of tangible personal property purchased after the date
27 of the appointment which is physically incorporated into or annexed at a
28 qualified location and becomes the property of the owner of the
29 improvement to real estate or the taxpayer. The purchasing agent shall be
30 jointly liable for the payment of the sales and use tax on the purchases
31 with the owner of the property.

1 (4) The determination of whether the application is complete,
2 whether a location is a qualified location, and whether to approve the
3 application and sign the agreement shall be made by the director. All
4 other interpretations of the Imagine Nebraska Act shall be made by the
5 Tax Commissioner. The Commissioner of Labor shall provide the director
6 with such information as the Department of Labor regularly receives with
7 respect to the taxpayer which the director requests from the Commissioner
8 of Labor in order to fulfill the director's duties under the act. The
9 director shall use such information to achieve efficiency in the
10 administration of the act.

11 (5) Once the director and the taxpayer have signed the agreement
12 under section 77-6828, the taxpayer, and its owners or members where
13 applicable, may report and claim and shall receive all incentives allowed
14 by the Imagine Nebraska Act, subject to the base authority limitations
15 provided in section 77-6839, without waiting for a determination by the
16 director or the Tax Commissioner or other taxing authority that the
17 taxpayer has met the required employment and investment levels or
18 otherwise qualifies, has qualified, or continues to qualify for such
19 incentives, provided that the tax return or claim has been signed by an
20 owner, member, manager, or officer of the taxpayer who declares under
21 penalties of perjury that he or she has examined the tax return or claim,
22 including accompanying schedules and statements, and to the best of his
23 or her knowledge and belief (a) the tax return or claim is correct and
24 complete in all material respects, (b) payment of the claim has not been
25 previously made by the state to the taxpayer, and (c) with respect to
26 sales or use tax refund claims, the taxpayer has not claimed or received
27 a refund of such tax from a retailer. The payment or allowance of such a
28 claim shall not prevent the director or the Tax Commissioner or other
29 taxing authority from recovering such payment, exemption, or allowance,
30 within the normal period provided by law, subject to normal appeal rights
31 of a taxpayer, if the director or Tax Commissioner or other taxing

1 authority determines upon review or audit that the taxpayer did not
2 qualify for such incentive or exemption.

3 (6) An audit of employment and investment thresholds and incentive
4 amounts shall be made by the Tax Commissioner to the extent and in the
5 manner determined by the Tax Commissioner. Upon request by the director
6 or the Tax Commissioner, the Commissioner of Labor shall report to the
7 director and the Tax Commissioner the employment data regularly reported
8 to the Department of Labor relating to number of employees and wages paid
9 for each taxpayer. The director and Tax Commissioner, to the extent they
10 determine appropriate, shall use such information to achieve efficiency
11 in the administration of the Imagine Nebraska Act. The Tax Commissioner
12 may recover any refund or part thereof which is erroneously made and any
13 credit or part thereof which is erroneously allowed by issuing a
14 deficiency determination within three years from the date of refund or
15 credit or within the period otherwise allowed for issuing a deficiency
16 determination, whichever expires later. The director shall not enter into
17 an agreement with any taxpayer unless the taxpayer agrees to
18 electronically verify the work eligibility status of all newly hired
19 employees employed in Nebraska within ninety days after the date of hire.
20 For purposes of calculating any tax incentive under the act, the hours
21 worked and compensation paid to an employee who has not been
22 electronically verified or who is not eligible to work in Nebraska shall
23 be excluded.

24 (7) A determination by the director that a location is not a
25 qualified location or a determination by the Tax Commissioner that a
26 taxpayer has failed to meet or maintain the required levels of employment
27 or investment for incentives, exemptions, or recapture, or does not
28 otherwise qualify for incentives or exemptions, may be protested by the
29 taxpayer to the Tax Commissioner within sixty days after the mailing to
30 the taxpayer of the written notice of the proposed determination by the
31 director or the Tax Commissioner, as applicable. If the notice of

1 proposed determination is not protested in writing by the taxpayer within
2 the sixty-day period, the proposed determination is a final
3 determination. If the notice is protested, the Tax Commissioner, after a
4 formal hearing by the Tax Commissioner or by an independent hearing
5 officer appointed by the Tax Commissioner, if requested by the taxpayer
6 in such protest, shall issue a written order resolving such protest. The
7 written order of the Tax Commissioner resolving a protest may be appealed
8 to the district court of Lancaster County in accordance with the
9 Administrative Procedure Act within thirty days after the issuance of the
10 order.

11 **Sec. 17.** Section 81-12,144, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 81-12,144 Sections 81-12,144 to 81-12,151 and section 18 of this act
14 shall be known and may be cited as the Site and Building Development Act.

15 **Sec. 18.** For purposes of the Site and Building Development Act,
16 employer has the same meaning as in subdivision (5) of section 3 of this
17 act.

18 **Sec. 19.** Section 81-12,146, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 81-12,146 (1) The Site and Building Development Fund is created. The
21 fund shall receive money pursuant to section 76-903 and may include
22 revenue from transfers by the Legislature, grants, private contributions,
23 repayment of loans, and all other sources. The Department of Economic
24 Development, as part of its comprehensive business development strategy,
25 shall administer the fund. Transfers may be made from the fund to the
26 General Fund at the direction of the Legislature. Any money in the Site
27 and Building Development Fund available for investment shall be invested
28 by the state investment officer pursuant to the Nebraska Capital
29 Expansion Act and the Nebraska State Funds Investment Act.

30 (2) It is the intent of the Legislature to transfer five million
31 dollars from the General Fund to the Site and Building Development Fund

1 for fiscal year 2022-23 and five million dollars from the General Fund to
2 the Site and Building Development Fund for fiscal year 2023-24. Such
3 money shall be placed in a subaccount of the Site and Building
4 Development Fund and earmarked for use to fund large shovel-ready
5 commercial and industrial sites developed under the Municipal Inland Port
6 Authority Act.

7 (3)(a) It is the intent of the Legislature to appropriate five
8 hundred thousand dollars from the Site and Building Development Fund for
9 fiscal year 2024-25 to the department to enter into one or more contracts
10 to conduct a comprehensive study or studies to identify and evaluate
11 large commercial and industrial sites in Nebraska that have the potential
12 to attract major investment and employment opportunities. The study shall
13 include consideration of super sites that encompass between five hundred
14 and one thousand acres and mega sites that encompass more than one
15 thousand acres. At least one proposed site shall be located west of the
16 one hundredth meridian in Nebraska. The contracts shall be awarded based
17 on a competitive selection process as determined by the department. The
18 studies shall be completed no later than December 15, 2024.

19 (b) The study shall assess the potential geographic locations; the
20 infrastructure assets that would be required for each site, including
21 highway, rail, and air transportation, and utilities such as water,
22 wastewater treatment, electrical power, and natural gas; the population
23 within fifty miles of each site and whether such population would be
24 sufficient to provide an adequate workforce for such site; and the
25 appropriate level of state investment necessary to position Nebraska as a
26 nationally or globally competitive location for site selection targeting
27 various sectors, including, but not limited to, advanced manufacturing,
28 trade, bioscience, agribusiness, warehousing and supply chain logistics,
29 technology, aerospace, automotive, clean energy, military support, and
30 life sciences. Such identified state investment levels may include, but
31 are not limited to, land acquisition costs and infrastructure

1 investments. The purpose of the study is to provide strategic insights
2 that will enable the state to attract major investment and employment
3 opportunities in order to support the growth of transformational
4 industries within Nebraska.

5 (c) The Director of Economic Development shall appoint an advisory
6 committee comprised of representatives of Nebraska economic development
7 organizations, equally representing each of Nebraska's three
8 congressional districts, to assist the department in identifying the
9 location of potential and preferred super sites and mega sites.

10 (4) It is the intent of the Legislature to transfer five million
11 dollars from the General Fund to the Site and Building Development Fund
12 for fiscal year 2026-27 solely for funding employer retention capital
13 improvement grants to employers with a change in ownership and control as
14 defined in subdivision (3) of section 3 of this act. These grants may be
15 provided to support capital improvements during the period beginning
16 twenty-four months prior to the transaction described in subdivision (3)
17 of section 3 of this act and no more than seven years after such
18 transaction, provided such employer capital retention improvements are
19 related to the retention or hiring of in-state employees following a
20 change in ownership and control as defined in subdivision (3) of section
21 3 of this act.

22 **Sec. 20.** Section 81-12,147, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 81-12,147 (1) Except as provided in subsection (2) of this section,
25 the Department of Economic Development shall use the Site and Building
26 Development Fund to finance loans, grants, subsidies, credit
27 enhancements, and other financial assistance for industrial site and
28 building development and for expenses of the department as appropriated
29 by the Legislature for administering the fund. The following activities
30 are eligible for assistance from the fund:

31 (a) Grants or zero-interest loans to villages, cities, or counties

1 to acquire land, infuse infrastructure, or otherwise make large sites and
2 buildings ready for industrial development;

3 (b) Matching funds for new construction, rehabilitation, or
4 acquisition of land and buildings to assist villages, cities, and
5 counties;

6 (c) Technical assistance, design and finance services, and
7 consultation for villages, cities, and counties for the preparation and
8 creation of industrial-ready sites and buildings;

9 (d) Loan guarantees for eligible projects;

10 (e) Projects making industrial-ready sites and buildings more
11 accessible to business and industry;

12 (f) Infrastructure projects necessary for the development of
13 industrial-ready sites and buildings;

14 (g) Projects that mitigate the economic impact of a closure or
15 downsizing of a private-sector entity by making necessary improvements to
16 buildings and infrastructure;

17 (h) Public and private sector initiatives that will improve the
18 military value of military installations by making necessary improvements
19 to buildings and infrastructure, including, but not limited to, a grant
20 for the establishment of the United States Strategic Command Nuclear
21 Command, Control, and Communications public-private-partnership facility;

22 (i) A grant to a city of the second class that is served by two
23 first-class railroads, that is within fifteen miles of two state borders,
24 and that partners with public power utilities for purposes of expanding
25 electrical system capacities and enhancing redundancy and resilience;

26 (j) A grant of two million dollars to a city of the first class
27 located in the third congressional district if the property previously
28 housed a university or college that is no longer extant and if the
29 improvement and revitalization of the real property is for purposes of
30 supporting the housing, employment, and program needs of youth exiting
31 the foster care system. In addition, the real property may be used for

1 youth exiting juvenile court supervision in an out-of-home placement;

2 (k) Public and private sector initiatives that will improve the
3 value of cities of the second class that have partnered with the United
4 States Department of Defense or its contractors on upgrades to ground-
5 based nuclear deterrence. Such improvements include the construction of
6 electrical, drinking water, and clean water infrastructure; and

7 (l) Identification, evaluation, and development of large commercial
8 and industrial sites and building infrastructure to attract major
9 investment and employment opportunities for advanced manufacturing,
10 processing, trade, technology, aerospace, automotive, clean energy, life
11 science, and other transformational industries in Nebraska by means of
12 the department providing grants to or partnering with political
13 subdivisions, including inland port authorities under the Municipal
14 Inland Port Authority Act, or nonprofit economic development corporations
15 and entering into contracts for consulting, engineering, and development
16 studies to identify, evaluate, and develop large commercial and
17 industrial sites in Nebraska; and -

18 (m) A grant to an employer to support capital improvements related
19 to site and building development relating to the retention and
20 recruitment of employees following a change in ownership and control as
21 defined in subdivision (3) of section 3 of this act. Such grant shall be
22 made at a rate of five dollars per square foot of capital improvements
23 related to site and building development, but the aggregate grant shall
24 not exceed five million dollars. For purposes of these grants, capital
25 improvements include, but are not limited to, any spending on tangible
26 personal property or services to build, repair, renovate, rehabilitate,
27 restore, modify, improve, or replace any infrastructure, building system,
28 fixture, furnishing, equipment, technology, and site and land
29 improvements.

30 (2) The Department of Economic Development shall use the subaccount
31 of the Site and Building Development Fund described in subsection (2) of

1 section 81-12,146 to provide financial assistance to any inland port
2 authority created under the Municipal Inland Port Authority Act to help
3 finance large shovel-ready commercial and industrial sites developed
4 under such act.

5 **Sec. 21.** Section 81-12,148, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 81-12,148 (1) Governmental subdivisions and Nebraska nonprofit
8 organizations are eligible to receive assistance under the Site and
9 Building Development Act. Any entity receiving assistance under
10 subsection (1) of section 81-12,147 shall provide, or cause to be
11 provided, matching funds for the eligible activity in an amount
12 determined by the Department of Economic Development, which amount shall
13 be at least equal to one hundred percent of the amount of assistance
14 provided by the Site and Building Development Fund. Nothing in the act
15 shall be construed to allow individuals or businesses to receive direct
16 loans from the fund.

17 (2) An applicant for a grant for development of a public-private-
18 partnership facility under subdivision (1)(h) of section 81-12,147 shall
19 provide the Director of Economic Development with a letter of support
20 from the United States Strategic Command prior to approval of the
21 application and with proof of the availability of twenty million dollars
22 in private or other funds for the facility. No funds shall be expended or
23 grants awarded until receipt of proof of the availability of twenty
24 million dollars in private or other funds for the facility and
25 certification is provided by the Director of Economic Development to the
26 budget administrator of the budget division of the Department of
27 Administrative Services.

28 (3) An applicant for a grant for development under subdivision (1)
29 (k) of section 81-12,147 is not required to meet the matching fund
30 requirements pursuant to this section but shall provide the Director of
31 Economic Development a letter from the United States Department of

1 Defense or contractor providing upgrades to ground-based nuclear
2 deterrence that infrastructure improvements, including the construction
3 of electrical, drinking water, and clean water infrastructure, will not
4 be included in the scope of the project. No grants shall be awarded or
5 funds expended until such letter is received.

6 (4) This section does not apply to any inland port authority
7 receiving assistance under subsection (2) of section 81-12,147 or an
8 employer receiving assistance following a change in ownership and control
9 as defined in subdivision (3) of section 3 of this act.

10 **Sec. 22.** Section 81-12,149, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 81-12,149 (1) During each calendar year in which funds are available
13 from the Site and Building Development Fund for use by the Department of
14 Economic Development pursuant to subdivisions (1)(a) through (g) of
15 section 81-12,147, the department shall allocate a specific amount of
16 funds, not less than forty percent, to nonmetropolitan areas. For
17 purposes of this section, nonmetropolitan areas means counties with fewer
18 than one hundred thousand inhabitants according to the most recent
19 federal decennial census. In selecting projects to receive such fund
20 assistance, the department shall develop a qualified action plan by
21 January 1 of each even-numbered year. The plan shall give first priority
22 to financially viable projects that have an agreement with a business
23 that will locate a site within ninety days of the signed agreement and to
24 financially viable projects located in whole or in part within an
25 enterprise zone designated pursuant to the Enterprise Zone Act or an
26 opportunity zone designated pursuant to the federal Tax Cuts and Jobs
27 Act, Public Law 115-97. The plan shall set forth selection criteria to be
28 used to determine priorities of the fund for activities pursuant to
29 subdivisions (1)(a) through (g) of section 81-12,147 which are
30 appropriate to local conditions, including the community's immediate need
31 for site and building development, proposed increases in jobs and

1 investment, private dollars leveraged, level of local government support
2 and participation, and repayment, in part or in whole, of financial
3 assistance awarded by the fund. The Director of Economic Development
4 shall submit the plan to the Governor for approval.

5 (2) The department shall fund in order of priority as many
6 applications for activities pursuant to subdivisions (1)(a) through (g)
7 of section 81-12,147 as will utilize available money in the Site and
8 Building Development Fund less actual administrative costs of the
9 department in administering the fund and less any funds specifically
10 committed to an employer site and building development grant for an
11 employer with a change in ownership and control as defined in subdivision
12 (3) of section 3 of this act. In administering the fund, the department
13 may contract for services or directly provide money to other governmental
14 entities or instrumentalities.

15 (3) This section does not apply to any inland port authority
16 receiving assistance under subsection (2) of section 81-12,147.

17 **Sec. 23.** (1) The Department of Labor shall establish a grant
18 program to provide additional support for the implementation of workforce
19 retention or workforce attraction plans. Grants shall be made available
20 to economic development organizations that assist employers experiencing
21 a change in ownership and control as defined in subdivision (3) of
22 section 3 of this act. The total amount of grant funds awarded pursuant
23 to this subsection shall not exceed three hundred thousand dollars for
24 any economic development organization. For purposes of this section,
25 employer has the same meaning as in subdivision (5) of section 3 of this
26 act.

27 (2) The grants awarded pursuant to subsection (1) of this section
28 must be made within the ten-year period immediately following the change
29 in ownership and control as defined in subdivision (3) of section 3 of
30 this act.

31 (3) Prior to the award of a grant pursuant to subsection (1) of this

1 section, the economic development organization must apply to the
2 department for a grant. Grants will only be awarded to an economic
3 development organization if such economic development organization
4 submits to the department a retention and relocation plan application.
5 Such application shall include:

6 (a) The name of the applicant and a contact person for such
7 application;

8 (b) Information regarding the applicant's qualification as an
9 economic development organization supporting an employer experiencing a
10 change in ownership and control as defined in subdivision (3) of section
11 3 of this act;

12 (c) A narrative description of the employer's retention and
13 relocation plan to retain within the state or relocate to the state
14 employees during the seven years following the change in ownership and
15 control as defined in subdivision (3) of section 3 of this act;

16 (d) The amount of funding requested subject to the limitations of
17 this section; and

18 (e) Any other information the department may require.

19 (4) If the funds available for grants in any year are insufficient
20 to provide grants to all eligible applicants, the department shall
21 prioritize awards to the retention and relocation plan of the employer
22 with the largest average number of employees within Nebraska during the
23 ten years prior to the employer's change in ownership and control as
24 defined in subdivision (3) of section 3 of this act.

25 **Sec. 24.** If any section in this act or any part of any section is
26 declared invalid or unconstitutional, the declaration shall not affect
27 the validity or constitutionality of the remaining portions.

28 **Sec. 25.** Original sections 49-801.01, 81-12,144, 81-12,146,
29 81-12,147, 81-12,148, and 81-12,149, Reissue Revised Statutes of
30 Nebraska, section 77-6832, Revised Statutes Cumulative Supplement, 2024,
31 and sections 77-6538 and 77-6831, Revised Statutes Supplement, 2025, are

1 repealed.

2 **Sec. 26.** Since an emergency exists, this act takes effect when

3 passed and approved according to law.