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DATE PREPARED: March 30, 2026
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LB 1165

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to reflect AM2504

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	SEE BELOW	0	0	SEE BELOW
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	(7,712,000)	95,000	0	0	(7,617,000)
FY2027-2028	(10,268,000)	0	0	0	(10,268,000)
FY2028-2029	(16,358,000)	0	0	0	(16,358,000)

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB1165 as amended by AM2504 would create the "Grow the Goodlife Act," to be administered by the Department of Economic Development (DED). The Grow the Goodlife Act would apply to businesses that have experienced a change in ownership and control resulting from a change in equity ownership of a Nebraska employer resulting from a merger or combination. The bill also amends portions of the ImagiNE Nebraska Act, and adds a new grant program, administered by the Department of Labor (DOL), and amends grants available under the Site and Building Development Act, administered by DED. Finally, the bill as amended contains provisions of LB1191 and LB1192, which amend sections of the Nebraska Advantage Act and the Convention Center Facility Financing Act.

The Grow the Goodlife Act is designed to provide incentives for businesses who have merged or combined with an out-of-state business to retain Nebraska employment and to encourage relocating out-of-state jobs to Nebraska. To be eligible for the Act, the following requirements must be met:

- The merger or combination occurs between January 1, 2026, and December 31, 2028.
- Immediately prior to the date of the merger or combination the employer employed more than 3,000 full-time employees in Nebraska.
- Immediately prior to the date of the merger or combination the out-of-state company had an actual or implied value greater than $50 billion.
- The employer maintained its headquarters for at least ten years before the merger or combination.
- The shareholders of the out-of-state company receive 20% or more of the ownership share value or voting equity of the new company.
- The employer must retain at least 90% of its base year employment in Nebraska.
- The business must be a qualified location under the ImagiNE Nebraska Act.

Under the Grow the Goodlife Act, a qualified taxpayer may receive wage retention credits, an additional percentage increase in wage and investment credits in selected levels of ImagiNE Nebraska projects if the business adds 500 employees in Nebraska that are paid an annual wage of at least $100,000. Further, the Act may provide grants to support capital improvements from DED's Site and Building Development Fund, and economic development organizations assisting qualified employers may apply to DOL for a grant to support the implementation of workforce retention or attraction plans.

Businesses that meet the requirements for the Grow the Goodlife Act may apply to DED to receive benefits. DED then has 30 days to approve the application. If the application is approved, the business shall enter into a written agreement stating that the business will maintain its headquarters in Nebraska and retain at least 90% of its base-year employment throughout the earning and usage periods (ending December 31, 2040) in exchange for wage retention credits. The application fee for Grow the Goodlife Act is $5,000 to be credited to the Nebraska Incentives Fund, a DOR cash fund.

The wage retention credits are equal to 5% of the total compensation paid by the employer to all retained employees of the employer in Nebraska, who are paid wages at a rate equal to at least 100% of the Nebraska statewide average hourly wage for the year of application. The credit may be earned for the year of application and the next nine years (the "earning period") and is limited to a maximum of $5 million per year. The credits may be used against the applicant's income tax liability or the applicant's withholding tax liability; however, the credits may be used only during the "usage period," a ten-year period which begins on January 1, 2031. The total amount of wage retention credits available through the program is $50 million. The bill as amended gives the Tax Commissioner the ability to share tax information with the DED Director as necessary to administer the Act.

LB1165 as amended by AM2504 revises provisions of the ImagiNE Nebraska Act relating to wage and investment credits earned under selected levels of the program, and revises provisions for how a business may use earned credits for employee childcare. Wage credits for businesses qualifying for ImagiNE at the following levels are expanded as follows:

- "Manufacturing Growth & Expansion—Urban" level (10 FTEs and $1 million investment, with wages at least 75% of state average) increased from 4% to 5%.
- "Manufacturing Growth & Expansion—Rural" level (5 FTEs and $1 million investment, with wages at least 70% of state average) increased from 4% to 5%.
- "Quality Jobs" level (20 FTEs) with wage credit increased from 4% to 5% if average wages are at least 100% of state average; increased from 7% to 8% is average wages are at least 150% of state average; and increased from 9% to 10% if wages are 200% of state average.

In addition, investment credits for businesses qualifying for ImagiNE at the following levels are expanded as follows:

- “Manufacturing Growth & Expansion—Urban” level (10 FTEs and $1 million investment, with wages at least 75% of state average) increased from 4% to 5%; and if investment reaches $10 million, the credit increases from 7% to 8%.
- “Manufacturing Growth & Expansion—Rural” level (5 FTEs and $1 million investment, with wages at least 70% of state average) increased from 4% to 5%; and if investment reaches $10 million, the credit increases from 7% to 8%.

LB1165 as amended by AM2504 would provide an additional 1% wage and 1% investment credit at all levels of the ImagiNE Nebraska Act for any business that meets the requirements of the Grow the Goodlife Act and hires at least 500 employees who are paid at least $100,000 per year. These employees must be newly employed by the taxpayer in Nebraska, existing employees of the taxpayer who transfers to a position from out-of-state to Nebraska, or a new employee of the taxpayer who relocates to a position in Nebraska. The additional employees are required to be added within a seven-year period beginning at the time of the change of ownership, but once this level is met, the additional percentage of wage and income credits earned becomes retroactive within the performance period. As amended, LB1165 would also remove the additional 1% wage and investment credit bonus for benefit corporations.

Finally, the bill as amended would change provisions of §77-6832(1)(f) relating to the ability of taxpayers to use earned tax credits for providing childcare for employees, replacing the use of credits for employer-sponsored childcare at the qualified location. As amended the taxpayer would be able to use earned tax credits to pay up to 50% of employees’ childcare costs.

LB1165 as amended by AM2504 also amends §81-12,147(1) of the Site and Buildings Development Act to add two new activities eligible for grants in fiscal years FY2026-27 and FY2027-28:

- Businesses qualifying for the Grow the Goodlife Act, could receive grants from DED to support capital improvements relating to the retention and recruitment of employees for qualified employers at a rate of $5 per square foot of capital improvements related to site and building development. The grant for this activity is capped at $2.5 million in each fiscal year.
- Cities of the first class with a population less than 50,000 that have been impacted by a sudden and significant business closure or downsizing, may apply for a grant or zero-interest loan to acquire land, infrastructure, or otherwise to make large sites and buildings available and ready for industrial development. Grants and loans for this activity are capped at $2.5 million in each fiscal year.
- Grants for the two new qualifying activities do not require matching funds required for the other qualified activities
- The bill also amends the priorities for allocating SBDF funds between projects, putting the new activities created by LB1165 ahead of other priorities for fiscal years FY2026-27 and FY2027-28.

As amended by AM2504, LB1165 would require DOL to establish a grant program to provide support for workforce retention or attraction plans and make the grant available to economic development organizations that assist employers which meet the definition for change of ownership and control under the Grow the Goodlife Act. The grant must be made within the ten-year period beginning with the change in ownership and control. The grant is limited to a total of $300,000.

Included in LB1165, as amended, are the provisions of LB1191 which amends portions of the Nebraska Advantage Act relating to the attainment period for Tier 6 projects. Specifically, Neb Rev. Stat. §77-5723 and §77-5735 would be amended to lengthen the attainment period—the time from the signing of the agreement until the required employment and investment thresholds are met—from seven to ten years. Eligible taxpayers would be those with an active Tier 6 Nebraska Advantage agreement that was signed on or after December 31, 2020, these taxpayers would be required to make an election to extend the attainment period with DOR, and pay a $90,000 fee to have the agreement amended. The application fund would be credited to the Nebraska Incentives Fund, a DOR cash fund.

LB1165 as amended by AM2504 includes the provisions of LB1192 which amends the Convention Center Facility Financing Assistance Act. The bill would allow a sports arena facility with a seating capacity greater than 16,000 to receive turnback aid under the Act. To qualify for assistance, the facility must be located in a city of the primary class, have a seating capacity greater than 16,000, and have applied for financial assistance under the act on or after February 1, 2008.

The bill contains the emergency clause. Sections dealing with the Nebraska Advantage Act and the Convention Center Facility Financing Assistance Act have an operative date three calendar months after adjournment, and the provisions creating the Grow the Goodlife Act, ImagiNE Nebraska Act, Site and Building Development Fund are operative on the effective date.

Fiscal Impact:

Impact of Grow the Goodlife Act and amendments to the ImagiNE Nebraska Act are estimated by DOR to be as follows,

- FY2026-27 $ (7,712,000)
- FY2027-28 $ (10,268,000)
- FY2028-29 $ (16,358,000)
- FY2029-30 $ (24,216,000)
- FY2030-31 $ (37,962,000)
- FY2031-32 $ (40,880,000)
- FY2032-33 $ (40,044,000)

Note that these amounts include both the additional credit percentages for credits earned and the change to the use of wage and investment credits for childcare expenses. Note that the childcare provisions do not add any significant amount to the cost of the ImagiNE program, but will have a fiscal impact as it will result in moving the use of some tax credits forward in time.

The fiscal impact of the provisions amending the Convention Center Facility Financing Assistance Act depends upon future qualifying sports arena facility projects and location of these facilities relative to nearby businesses. DOR notes that there is a potential for a “significant reduction” in state sales tax revenue in future years, beyond the current biennium. DOR notes that for comparison purposes, $18.4 million in turnback benefits were provided under the program in fiscal year FY2024-25.

Similarly, no fiscal impact to the General Fund is estimated for the current biennium of the provisions of LB1165 as amended which lengthen the attainment period for certain Tier 6 Nebraska Advantage Act projects. However, when the affected project(s) reach their employment and investment thresholds and qualify for the program, DOR estimates that the impact would be a reduction of General Fund revenues of approximately $55 million over the remaining timeline of a qualified Tier 6 project. The fee is estimated to be cash fund revenue in FY2026-27.

The Department of Revenue estimates minimal costs for implementing the provisions of LB1165 as amended by AM2504.

There is no basis to disagree with DOR’s estimates of General Fund impacts or administration costs.

The Department of Labor notes that the $300,000 for the grant program and administration costs will come from the Workforce Development Program Cash Fund. They also note that because the application pool for the Grow the Goodlife Act will likely be small, any administration costs can be absorbed using existing staff and resources. There is currently an aid appropriation for Workforce Development Program grants of $9,880,259 in FY2026-27, and we estimate the additional $300,000 grant can be paid within the agency's current appropriation.

There is no basis to disagree with DOL’s estimates of cash fund impacts or administration costs.

Provisions of the bill that provide additional qualifying activities for grants or loans under the Site and Building Development Act are estimated to be paid from existing resources in the Site and Building Development Cash Fund, which appears to have sufficient revenue and resources to provide a total of $10 million in grants or loans for the new activities in FY2026-27 and FY2027-28. However, to account for existing obligations of the fund, an additional appropriation of $2 million in FY2026-27 is needed to pay grant amounts.

The Department of Revenue estimates minimal costs for implementing the provisions of LB1165 as amended for either the Grow the Goodlife program or the amendments affecting the Site and Building Development Act.

There is no basis to disagree with DED’s estimates of General Fund impacts or administration costs.

Please complete **ALL** (5) blanks in the first three lines. **2026**

LB(1) 1165 AM2504 **FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Nebraska Department of Economic Development

Prepared by: (3) Ben Kresl Date Prepared: (4) 03/27/2026 Phone: (5) 402-471-3063

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

Sections 1 through 12 of AM2504 to LB1165 would establish a new program to be cited as the Grow the Good Life Act ("GGLA"). (Section 1). The stated purpose of the GGLA is to "provide incentives to encourage large in-state employers to retain workforce and their headquarters in-state, as well as attract or relocate workforce to the state, when there is a material change in ownership or control pursuant to a merger or business combination with a company located outside of Nebraska. (Section 2). Section 3 of AM2504 provides definitions for the GGLA. Of note, 'change in ownership and control' means a change in equity ownership of an employer within the state resulting from a merger or combination if the following requirements are met: (a) the employer maintained its headquarters within the state for a period of at least ten years prior to the date of the merger or combination, (b) immediately prior to the date of the merger or combination, the employer employed more than 3,000 full-time employees within the state, (c) immediately prior to the date of the merger or combination, the out-of-state company had an actual or implied enterprise value in excess of $50 billion (increased from $25 billion in LB1165) and the shareholders of the out-of-state company receive 20% or more of the ownership share value or voting equity of the new merged or combined entity as part of the transaction (the 20% ownership share value or voting equity requirement was not required under LB1165), (d) the merger or combination occurs between January 1, 2026, and December 31, 2028 (AM2504 narrows the triggering event window from July 1, 2025, and December 31, 2029 in LB1165). The 'earning period' means the year of application plus the next nine years. The 'usage period' mean a ten-year period beginning January 1, 2031, during which credits earned in the earning period shall be claimed. The wage retention credit is 5% of the total compensation paid by the employer in the year to all retained employees of the employer in Nebraska who are paid wages at 100% or more of the statewide average hourly wage for the year of application. The total wage retention credit earned in a single year among all qualified employers is capped at $5 million/year. (Section 5(2)). Earned wage retention credits can only be used during the usage period. Unused credits may carry over only to the end of the usage period. The total combined amount of credits that employers may receive under GGLA is $50 million. An employer who participated in the Nebraska Advantage Act, ImagiNE Nebraska Act, or the Employment and Investment Growth Act is not precluded from earning benefits under the GGLA.

An employer claims the GGLA credit on the employer's income tax return and may use the wage retention credit to reduce the employer's income tax withholding employer or payor tax liability. (Section 5(5) and (6)).

Applications for an agreement under the GGLA are filed with the director of the Nebraska Department of Economic Development. (Section 6). The application period under GGLA opens on January 1, 2027, and runs through May 31, 2029. (Section 12). The director has thirty (30) days to approve or deny an application unless the applicant and director agree in writing to extend the review period. An application must contain a nonrefundable application fee of $5,000 to be remitted to the State Treasurer for credit to the Nebraska Incentive Fund. The application and all supporting information is confidential except for the name of the taxpayer, the number of employees retained, and whether the application has been approved. If an application is approved the Department of Economic Development director and the employer must enter into an agreement whereby the employer must retain its headquarters in Nebraska throughout the earning period and the usage period and must retain at least 90% of its base-year employees in Nebraska throughout the earning period and the usage period. There is included a recapture/disallowance formula for wage retention credits if the employer fails to retain the required level of employment and retain its headquarters in Nebraska throughout the earning period and usage period. (Section 7). Wage retentions credits under GGLA are generally not transferable except under certain delineated situations. (Section 8).

AM2504 carries permissive authorization for the Department of Economic Development and the Department of Revenue, in consultation with the Governor, to promulgate rules and regulations necessary or appropriate to carry out the GGLA. (Section 9). The Department of Economic Development and the Department of Revenue are required to submit a joint report to the Legislature no later than October 31st of each year and to appear at a joint hearing of the Appropriations Committee and Revenue Committee of the Legislature to present the report on or before December 15th of each year. (Section 10).

AM2504 increases certain wage and investment credits allowable under § 77-6831(4) and (5) of the ImagiNE Nebraska Act. (Section 18). AM2504 redefines the eligibility criteria to take advantage of the wage and investment credit increase available under § 77-6831(6) of the ImagiNE Nebraska Act by generally pegging the criteria to a taxpayer that employs 3,000 full-time employees in Nebraska, experiences a GGLA change in ownership and control, and hires or relocates an additional 500 full-time employees to Nebraska with average annual wages of $100,000 or more. (Section 18). Section 19 amends § 77-6831(1)(f) of the ImagiNE Nebraska Act concerning use of wage and investment credits to obtain payment from the state equal to the amount the taxpayer demonstrates to the Department of Economic Development director was paid for employee child care costs. Section 19 specifies that a taxpayer may pay up to 50% of child care costs for employees using such credit.

AM2504 amends the Site and Building Development Act by incorporating the GGLA definition of ‘employer’ into the Site and Building Development Act and adding grants to employers to support capital improvements (capped at $2.5 million per fiscal year for FY 2026-27 and 2027-28) as an eligible activity. (Sections 21 and 22).

AM2504 also adds grants or zero-interest loans (capped at $2.5 million per fiscal year for FY 2026-27 and 2027-28) to cities of the first class to acquire land, infuse infrastructure, or otherwise make large sites and buildings ready for industrial development as an eligible activity if such city: (i) has a population of less than 50,000 inhabitants and (ii) has been impacted by a sudden and significant private-sector entity closure or downsizing. (Section 22).

Section 24 of AM2504 prioritizes available SBDF funds for employer assistance and city assistance purposes provided for in Sections 21 and 22 of AM2504.
Section 25 of AM2504 authorizes the Nebraska Department of Labor to establish a workforce retention and attraction grant program.

An emergency clause applies to the GGLA, ImagiNE Nebraska Act, and Site and Building Development Fund components of AM2504 to LB1165. (Sections 26 and 30).

Based on the current language, DED does not anticipate any change with current resources from this amendment.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS 26-27	27-28	2026-27 EXPENDITURES	2027-28 EXPENDITURES
Benefits………………………………...……				
Operating…………………………...……….				
Travel………………………………………..				
Capital outlay…………………...…………..				
Aid…………………………………………...				
Capital improvements……………………...				
TOTAL……………………………….….				

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LB(1) 1165 AM2504 **FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Nebraska Department of Labor

Prepared by: (3) Rea Easton **Date Prepared:** (4) 03/26/2026 **Phone:** (5) 402-416-6809

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	**REVENUE**	**EXPENDITURES**	**REVENUE**
GENERAL FUNDS				
CASH FUNDS	300,000			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	300,000			

Explanation of Estimate: LB1165 creates the Key Employer Grant Program, which provides financial assistance to key employers in Nebraska that are undergoing a change in ownership or control. The purpose of the program is to support the retention and recruitment of employees during such transitions. Under the bill, the Department of Labor is responsible for administering the program which authorizes the Department to issue grant awards from the Workforce Development Program Cash Fund to key employers in an amount not to exceed $300,000. To qualify, a key employer must submit an application to the Department which, in part, includes a retention and relocation plan for its employees. The Department is required to develop this application and ensure it includes all information specified in the legislation. The number of employers likely to utilize this program is unknown; however, the Department anticipates that participation will be minimal. As a result, the Department estimates any administrative costs can be absorbed using existing staff and resources, and no additional appropriations will be required to implement the bill.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS 26-27	27-28	2026-27 EXPENDITURES	2027-28 EXPENDITURES
Benefits………………………………………				
Operating……………………………………			300,000	
Travel…………………………………………….				
Capital outlay………………………………….				
Aid………………………………………………….				
Capital improvements………………………..				
TOTAL………………………………………....			300,000	

LB 1165 AM 2504 Fiscal Note 2026

State Agency Estimate

State Agency Name: Department of Revenue					Date Due LFO:	
Approved by: James R. Kamm			Date Prepared: 03/25/2026		Phone: 471-5896	
	FY 2026-2027		**FY 2027-2028**		**FY 2028-2029**	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		$(7,712,000)		$(10,268,000)		$(16,358,000)
Cash Funds	$2,500,000	$(2,500,000)	$2,500,000	$(2,500,000)	$0	
Federal Funds						
Other Funds						
Total Funds	$2,500,000	$(7,712,000)	$2,500,000	$(10,268,000)	$0	$(16,358,000)

AM 2504 eliminates all changes to the Key Employer Act in LB 1165, as introduced, and replaces it with new sections to establish the Grow the Good Life Act to provide incentives for large in-state employers to retain, attract, and relocate workforce and to Nebraska and retain headquarters in the state when there is a material change in ownership or control due to a merger or business combination with a company located outside the State.

Grow the Good Life Act provides the following definitions:

- Base year means the year immediately preceding the year the change in ownership and control occurred.
- Base-year employees mean number of equivalent employees employed by the taxpayer in the base year who are paid at least 100% of the statewide average hourly wages for the year of application and who receive sufficient benefits (as specified in ImagiNE Nebraska).
- Change in ownership and control means change in equity ownership of a Nebraska employer as a result of a merger providing:
    - The taxpayer has maintained its corporate headquarters in Nebraska for at least 10 years prior to merger or business combination.
    - Immediately prior to merger or business combination, the taxpayer employed more than 3,000 full-time employees (as defined in IRC 4980H) in the state.
    - Immediately prior to merger or business combination, the out-of-state company was valued over $50 billion.
    - The out-of-state company's shareholders received 20% or more ownership share value or voting equity of the new merged or combined entity.
    - The merger or business combination occurs between 1/1/2026 and 12/31/2028.
- Earning period means year of application and the next nine years.
- Employer means a taxpayer that:
    - Employes at least 3,000 equivalent employees in Nebraska during the base year.

Major Objects of Expenditure

Class Code	Classification Title	26-27 FTE	27-28 FTE	28-29 FTE	26-27 Expenditures	27-28 Expenditures	28-29 Expenditures
Benefits……………………………………………………							
Operating Costs……………………………………………							
Travel…………………………………………………………							
Capital Outlay………………………………………………...							
Capital Improvements………………………………………...							
Total……………………………………………………							

  - Offers full-time employees the opportunity to enroll in minimal essential coverage, a sufficient package of benefits (as specified in ImagiNE Nebraska); and enforces a company policy against discrimination that is prohibited by federal or state law.
  - In the entire earning and usage period, electronically verifies the work eligibility status of all new employees employed in Nebraska within 90 days of hire.
  - Has gone through a change of ownership and control prior to application.
  - A company within Nebraska seeking to potentially retain, attract, and relocate employees to the state following a merger or business combination.
  - Retains at least 90% of its equivalent base-year employment.
  - A qualified business, as defined in ImagiNE Nebraska.
- Usage period means a 10-year period beginning 1/1/2031 during which credits earned in the earning period may be claimed.
- Year means calendar year.

Eligible employers apply to the Department of Economic Development (DED), including a $5,000 application fee. The application, and all supporting information, is confidential except for the name of the taxpayer, the number of employees retained, and whether the application has been approved. Once the application is approved by DED, the qualified employer earns a wage retention credit that may be used to reduce the taxpayer's income tax liability or the qualified employer's income tax withholding liability (including transfer to and use by a qualified employee leasing company). The wage retention credit for each year of the earning period is 5% of the total compensation paid to all retained employees who are paid at least 100% of the statewide average hourly wage for the year of application, subject to a $5 million cap for all qualified employers. If there are two or more employers who qualify in a year, the employer with the largest number of employees in Nebraska in the 10 years prior to change of ownership or control will be fully funded first. Applications may be filed with DED beginning 1/1/2027 through 5/31/2029.

Wage retention credits received in the earning period shall be used during the usage period. Unused credits may carry over only to the end of the usage period. The maximum total of all credit allowed under the Act is $50 million, and the employer with the approval will be funded first.

The wage retention credit is to be claimed by filing forms required by DOR with the income tax return beginning with the taxable year that includes 12/31 of the first year in the usage period. The credits may also be used after any other non-refundable credits against the employer's income tax liability or income tax withholding employer or payor tax liability.

If the taxpayer fails to retain the required level of employment through the entire earning period, a portion of the credits are subject to recapture for the year(s) the required level was not maintained. If the employe fails to retain its headquarters in the state, no wage retention credits may be used for the year(s) and any future years and a portion allowed for prior years will be recaptured. The recapture may be waived by the Tax Commissioner if the failure to maintain the required level of employment or failure to maintain the headquarters in the state is deemed to be caused by unavoidable circumstances such as an act of God or a national emergency.

DED and Department of Revenue (DOR), in consultation with the Governor, may adopt and promulgate rules and regulations necessary or appropriate to carry out the purposes of the act. DED may contract with DOR for services necessary to carry out the act. DED and DOR must jointly submit an annual report to the Legislature no later than October 31 of each year, including bi-annual specific taxpayer reporting.

Convention Center Facility Financing Act

AM 2504 also includes the provisions of LB 1192 to amend the Convention Center Facility Financing Assistance Act to include a publicly owned sports arena facility built with a seating capacity of greater than sixteen thousand seats if such facility is located in a city of the primary class as an eligible facility.

Nebraska Advantage Act:

AM 2504 also includes the provision of LB 1191 to amend the Nebraska Advantage Act to extend the attainment period for certain Tier 6 projects. A taxpayer with an agreement for a Tier 6 project with an application date of 12/31/2020 or later may make a one-time election to extend the attainment period from 7 years to 10 years. The agreement for the Tier 6 project must still be active as of the effective date of the bill, the election must be made within the time period prescribed by the Tax Commissioner, and the taxpayer must pay a $90,000 fee. If the election is not made, not made timely, or does not include the payment, the 7-year attainment period applies to the agreement.

ImagiNE Nebraska Act:

AM 2504 further amends the ImagiNE Act to:

- For a Manufacturing Growth & Expansion – Rural ($1M + 10 FTE) applicant, increase the wage credit to 7% (from 6%) and increase the investment credit to 5% (from 4%), increasing to 8% (from 7%) once investment reaches over $10 million.
- Increase the wage credit for a Quality Jobs (20 FTE) applicant based on comparison to the Nebraska average wage:
    - 6% (from 5%) if the average wage is at least 100%;
    - 8% (from 7%) if the average wage is at least 150%; and
    - 10% (from 9%) if the average wage is at least 200%.
- Increase the investment credit for a Manufacturing Growth & Expansion – Urban ($1M + 10 FTE) applicant to 5% (from 4%), increase to 8% (from 7%) once investment reaches over $10 million.
- Eliminate the 1% increase in credit to a benefit corporation; and
- Allow a 1% additional wage credit and an additional 1% investment credit to any applicant:
    - Within seven years after a merger or business combination that meets the definition of change of ownership and control above, employs an additional 500 full-time employees with an average annual wage of at least $100,000 and who are either newly employed by the taxpayer in Nebraska or an existing employee of the taxpayer who transfers from a non-Nebraska location.
        - Once the 500 additional full-time employee threshold is reached, the increased credit percentages apply to the entire performance period, retroactively and prospectively.

AM 2504 changes the benefit of using credits for taxpayer-sponsored childcare to use credits for reimbursement of up to 50% of childcare costs for employees.

Site and Building Development Fund:

AM 2504 also amends the Site and Building Development Fund, administered by DED, to add $2.5 million each fiscal year in FY2026-27 and FY2027-28 for grants to Grow the Good Life employers, calculated at $5 per square foot of capital improvements related to site and building development, and for zero-interest loans to first-class cities with a population of less than 50,000 impacted by a sudden, significant private sector business closure. The grants are to support capital improvements during the 24 months prior to the merger or business combination and no more than 7 years, provided the improvements are related to the retention or hiring of in-state employees following a change in ownership and control, and the loans are to support the first-class city to acquire land, infuse infrastructure, or make large sites and buildings ready for industrial development.

AM 2504 also requires the Department of Labor to establish a grant program for economic development organizations that assist employers experiencing a change of ownership and control to retain or attract workforce in the state, up to $300,00 each, with funding priority for the employer with the largest number of employees within Nebraska in the 10 years prior to the change of ownership and control.

Fiscal Impact:

The estimated fiscal impact of LB 1165 as amended by AM 2504 for the Grow the Good Life Act and the change the ImagiNE Nebraska Act would be as follows:

FY	General Fund revenues
FY2026-27	$ (7,712,000)
FY2027-28	$ (10,268,000)
FY2028-29	$ (16,358,000)
FY2029-30	$ (24,216,000)
FY2030-31	$ (37,692,000)
FY2031-32	$ (40,880,000)
FY2032-33	$ (40,044,000)

The fiscal impact for the included provision of LB 1192 to amend the Convention Center Facility Financing Assistance Act is unknown and contingent upon future qualifying sports arena facility projects. Depending on the location of these projects and the nearby businesses, there is potential for a significant reduction in state sales tax revenue. For comparison purposes, $18.430 million was transferred during fiscal year 2024-2025 under the terms of the Sports Arena Facility Financing Assistance Act and the Convention Center Facility Financing Assistance Act for four current projects.

The fiscal impact for the included provision of LB 1191 to amend the Nebraska Advantage Act to extend the attainment period for certain Tier 6 projects is estimated to have no immediate fiscal impact on General Fund revenues. However, allowing taxpayers currently in Tier 6 who would otherwise not qualify for benefit, to remain in Tier 6 due to the extension of the attainment period. DOR estimates that the reduction to the General Fund revenues over the lifetime of the affected projects would be approximately $55 million.

It is estimated that there would be minimal costs for the Department of Revenue to implement LB 1165 as amended by AM 2504.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1165	AM: 2504	AGENCY/POLT. SUB: Nebraska Department of Revenue (NDOR)
REVIEWED BY: Ryan Yang	DATE: 3/27/2026	PHONE: (402) 471-4178
COMMENTS: The NDOR assessment of fiscal impact from LB 1165 appears reasonable.		