

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to reflect AM2504, AM3035, and ER170

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	(3,952,000)	95,000	0	0	(3,857,000)
FY2027-2028	(5,718,000)	0	0	0	(5,718,000)
FY2028-2029	(10,852,000)	0	0	0	(10,852,000)

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

LB1165 as amended by AM2504 and AM3035 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
- The shareholders of the out-of-state company receive at least 20% 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

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 OED to receive benefits. OED 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 and AM3035 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. AM3035 specifies that the expanded credits are available to businesses with applications filed on or after the operative date of the section. The use of credits against employee childcare expenses is available for any business with earned ImagiNE credits. 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% if 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 and AM3035 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 available for all the qualified employees through the entire 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 also amends §81-12,147(1) of the Site and Buildings Development Act to add two new activities eligible for grants under the program:

- Businesses qualifying for the Grow the Goodlife Act, could receive grants from OED 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. Qualified expenses for these improvements begin 24 months before the change of ownership or control and end at the end of this fiscal year in which the grant was received. The grant for this activity is capped at \$2.5 million in each fiscal year. This grant is available for FY2027-28 and FY2028-29.
- 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 availability for FY2026-27 and FY2027-28, and 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.

As amended, 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 by AM2504 and 3035, 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 \$ (3,952,000)
- FY2027-28 \$ (5,718,000)
- FY2028-29 \$ (10,852,000)
- FY2029-30 \$ (17,554,000)
- FY2030-31 \$ (29,631,000)
- FY2031-32 \$ (31,127,000)
- FY2032-33 \$ (28,242,000)

Note that for the first four years the estimated impact of LB1165, as amended, represents the use of credits for childcare expenses. Note also that the childcare provisions would not add any significant amount to the cost of the ImagiNE program, as the fiscal impact is the 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.

DOR estimates minimal costs for implementing the provisions of LB1165 as amended by AM2504 and AM3035.

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 through FY2028-29.

DED previously estimated minimal costs for implementing the provisions of LB1165 as amended by AM2504, and AM3035 does not appear to alter the administration costs for the Site and Building Development Act. There is no basis to disagree with DED's previous estimates of General Fund impacts or administration costs or to expect additional costs due to the provisions of AM3035.

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2026

LB⁽¹⁾ 1165 AM2504 AM3035 ER170

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Nebraska Department of Labor

Prepared by: Rea Easton
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Date Prepared: 04/08/2026
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Phone: 402-416-6809
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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		2026-27 EXPENDITURES	2027-28 EXPENDITURES
	26-27	27-28		
Benefits.....				
... Operating.....			300,000	
.... Travel.....				
. Capital outlay.....				
Aid.....				
. Capital improvements.....				
TOTAL.....			300,000	

- 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.

AM 3035 adds clarification to the changes to the ImagiNE Nebraska Act.

- The increased credit percentages described above only apply to applications filed on or after the operative date of the bill.
- The benefit of 1% additional wage credit.
 - The number of new employees for this purpose means the number of equivalent employees employed full time at the qualified location(s) during the year that less the number of equivalent employees in the year before the ownership change. Such new employees must be offered health insurance and must earn at least \$100,000 per year.
 - The increased tax credit percentages for reaching such employment level apply to all years in the performance period.

Site and Building Development Fund:

AM 2504 amended by AM 3035 amends the Site and Building Development Fund, administered by DED, to add \$2.5 million each fiscal year in FY2027-28 and FY2028-29 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 made in the state and during the 24 months prior to the change and ownership and control through the end of the fiscal year the grant was received.

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 and AM 3035 for the Grow the Good Life Act and the change the ImagiNE Nebraska Act would be as follows:

FY	General Fund revenues
FY2026-27	\$ (3,952,000)
FY2027-28	\$ (5,718,000)
FY2028-29	\$ (10,852,000)
FY2029-30	\$ (17,554,000)
FY2030-31	\$ (29,631,000)
FY2031-32	\$ (31,127,000)
FY2032-33	\$ (28,242,000)

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, 3035, ER170 AGENCY/POLT. SUB: Nebraska Department of Labor (NDOL)

REVIEWED BY: Ryan Yang DATE: 4/9/2026 PHONE: (402) 471-4178

COMMENTS: The NDOL assessment of fiscal impact from LB 1165 as amended appears reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 1165 AM: 2504, 3035 AGENCY/POLT. SUB: Nebraska Department of Revenue (NDOR)

REVIEWED BY: Ryan Yang DATE: 4/8/2026 PHONE: (402) 471-4178

COMMENTS: The NDOR assessment of fiscal impact from LB 1165 as amended appears reasonable.