

Revised for AM1560, AM1573, AM1581, AM1599, FA286, FA287

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$164,210	\$538,000	\$50,800	\$1,252,000
CASH FUNDS		\$22,000		\$51,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$164,210	\$560,000	\$50,800	\$1,303,000

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

LB707 as amended would strike the previous sections of LB707 and replace with the following amendments to the state sales tax rate, Good Life Transformational Projects Act and Good Life District Economic Development Act:

- Beginning October 1, 2025, sets the statewide sales tax rate to be 5.5%;
- Adds and amends definitions;
- Requires reports to be filed by Good Life District (GLD) applicants in order for applicants to be approved by the Department of Economic Development (DED), lists the requirements of the report;
- Halves the state sales tax rate for transactions within a GLD and within the corporate limits of a city of the metropolitan class, starting 10/12025, sets exemptions on certain transactions having a halved state sales tax;
- On and after July 1, 2025 and until October 1, 2025, any transactions occurring within a GLD and within a city or village that has implemented an occupation tax pursuant to 77-4413 shall be subject to a state sales tax rate that is 50% of the state sales tax rate provided in 77-2701.02;
- Creates eligibility for a GLD applicant/retailer to be eligible for a state refund of 50% of the state sales tax paid on new development costs for a new business;
- After the amount of sales tax collected in the portion of the GLD within the boundaries of a city of a metropolitan class by a GLD applicant or GLD retailer that is not a new business reaches an aggregate total of \$5M per year, the state shall offset from the city's local sales tax remittance, pursuant to the Local Option Revenue Act, any additional amount of lost sales tax pursuant to subdivision (c) of this subsection, and such amount shall be credited to the General Fund, except that relocated GLD retailers or additional GLD retailers shall be allowed to exceed the \$5M cap to the extent there are, as calculated by the Department of Revenue (DOR), taxes received by the state from new businesses net of any allocation or reduction within the GLD in the amount of \$5M plus the excess allocation or reduction over \$5M. The city may take funds collected from the enhanced employment area occupation tax to offset the obligation. The Tax Commissioner shall inform the city of the amount of the monthly offset;
- Allows for a city or village in which all or a portion of the GLD is located to request that the size of the GLD be reduced, creates a process for which the GLD boundaries can be adjusted;
- Prohibits DED from removing an approved project area from a GLD;
- After the establishment of GLD pursuant to Sec. 5, no property shall be added to the GLD and its boundaries shall not be expanded;
- After the establishment of a GLD, DED shall transmit a copy of the map of the GLD, a list of all known GLD retailers and enhanced employment area GLD retailers, and any ownership updates to DOR;
- Creates requirements for a GLD applicant which is a political subdivision;
- Requires a GLD applicant, after the establishment of a GLD, to report to DED, enumerates the reporting requirements;
- Allows for project areas to be established in a GLD, creates requirements for project areas to be approved, allows for DED to deny project areas and remove property from a project area under certain conditions;
- Allows for DED to terminate a GLD if the city or village in which a GLD is located has not established a GLD economic development program within three years after the establishment of such district, except if a city or village is the GLD applicant;
- Creates requirements for acceptable evidence of commitments for investment;
- Allows for DED to terminate a GLD prior to a GLD economic development program at the request of the GLD applicant or the city or village in which all or a portion of the GLD is located, allows for recapture of unencumbered amounts remaining in a GLD economic development fund established under sec. 77-4414 for the GLD being terminated, has recaptured funds remit to the General Fund, allows for exemption of recapture of funds due to an act of God or national emergency;
- Allows for DED and DOR to share information to properly administer the Good Life Transformational Projects Act;
- Allows for DED to adopt and promulgate rules under the acts;

- Restricts not more than 20% of disbursements from the program to be for non-revenue producing costs;
- Creates applicable provisions to portions of project areas within the GLD program areas;
- Restricts the use of eminent domain;
- Authorizes a city to establish a general business occupation tax as a local source of revenue. Such occupation tax may be imposed upon the business and users of space located within the GLD program area;
- Upon establishment of a GLD economic development plan, or upon establishing a GLD when the city is the GLD applicant, requires the Tax Commissioner to allocate the state sales taxes and describes the allocation;
- Allows for a city to designate, by ordinance, a portion of the city's local option sales and use tax established pursuant to 77-27,142 as a local source of revenue. The designated portion shall only include amounts collected on transactions occurring within the GLD program area and may be further restricted by the city in such ordinance or dedicated to pay such expenses as agreed to by the city and the GLD applicant; and
- Declares an emergency.

As amended, the dates in which the tax rate change is shifted from July 1, 2025 to October 1, 2025. However, the allocation is unamended. In addition, changes to allocations to Good Life Districts which are cities will affect revenues relative to prior amendments. We anticipate the administrative costs related to these amendments are unchanged from prior amendments to LB707.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 707	AM: 1336	AGENCY/POLT. SUB: Tax Equalization and Review Commission (TERC)	
REVIEWED BY: Ryan Yang		DATE: 5/28/2025	PHONE: (402) 471-4178
COMMENTS: Concur with the TERC assessment of no fiscal impact from LB 707, AM 1560, AM 1573, AM 1581, AM 1599, FA 286, and FA 287.			

LB<sup>(1)</sup> 707 (AM1560, AM1573, AM1581, AM1599, FA286, and FA287)

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Tax Equalization & Review Commission

Prepared by: <sup>(3)</sup> Rob Hotz

Date Prepared: <sup>(4)</sup> May 28, 2025

Phone: <sup>(5)</sup> 402-471-2842

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

No fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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**2025**

**LB<sup>(1)</sup>** 707 AMs 1560, 1573, 1581, 1599, FA286 & FA287

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Economic Development

Prepared by: <sup>(3)</sup> Dave Dearmont Date Prepared: <sup>(4)</sup> 5/28/25 Phone: <sup>(5)</sup> (402) 471-3777

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
	<b><u>EXPENDITURES</u></b>	<b><u>REVENUE</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>REVENUE</u></b>
GENERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Explanation of Estimate:**

LB707 as amended by AM1560, AM1573, AM1581, AM1599, FA286 and FA287 would amend provisions of the Good Life Transformational Projects Act (GLDTPA) and the Good Life District Economic Development Act (GLDEDA). The bill clarifies terms and adds “related parties” to the definitions of “additional good life district retailer,” “good life district applicant,” “new-to-market business,” and provides definitions to terms, including “viable development,” and “relocated good life district retailer.” As amended LB707 would also restrict the reduced sales tax, or amount allocated such that motor vehicles aircraft, all-terrain vehicles, barges, motorboats, and railroad rolling stock do not qualify for the benefit.

As amended, the bill would also change sales tax provisions of the GLDTPA and GLDEDA. The 50% reduction of the state sales tax rate on transactions within Good Life Districts would end on 10/1/25 and revert to the 5.5% rate, except for transactions by an “Enhanced Employment Area Good Life District Retailer” that occur within an approved district and the corporate limits of a metropolitan city – which would remain taxed at 2.75%. For transactions within an established good life district outside of a city of the metropolitan class, a good life district applicant or good life district retailer shall be eligible for a state refund of allocated sales taxes which consist of fifty percent of the state sales tax paid on new development costs for a new business. In addition, the bill would require that any map setting good life district boundaries be approved by DED. The bill would also prohibit expansions to established good life district boundaries.

The bill would also create the statutory architecture for the establishment of “Project Areas” within a good life district. Any applicant may create a project area by applying to the department which includes evidence of an applicant’s controlling property rights for the area, a map of the proposed area, and a description of the development. Applicants may apply to amend a project area any time after submission. Property may be removed from a project area by the department if it finds the applicant no longer has controlling property rights. The department may approve an application only if it finds that a “viable development” is included in the project area. Approved project areas will exist for the duration of the GLD unless terminated by the project area applicant. After approval, the department shall enter into a MOU with the applicant and the city. The MOU must identify a trustee to hold allocated funds, restrict disbursements to eligible costs incurred in the project area and service of GLDEDA bonds and other costs of the GLDEDA, and it must address the development and financing obligations of the project area. It also must include an addendum between the applicant and city agreeing to abide by the GLDEDA ordinances and may address creation of subaccounts, exclusive rights to request disbursement, record keeping, provisions for streamlining zoning, permitting, and development issues, additional conditions of disbursement to safeguard “project viability,” and mutual agreements of cooperation. Further, the department may promulgate rules and regulations or other guidance documents to govern the content of and procedures relating to the MOU.

As amended, the bill would impose an administrative duty upon the department to provide a copy of the approved map, a list of all known GLD Retailers and Enhanced Employment Area Good Life District Retailers, and any

ownership updates to the Department of Revenue. The bill also would eliminate the involvement of the department in development and design standards, moving those responsibilities to the city. In addition, each applicant would be required to submit an annual report to the department and city which includes information and evidence showing the project is “financially viable,” that the applicant has land ownership within the district, and disclosing the applicant’s ownership interest in any pre-existing retail within the district. The bill will also allow the Department of Economic Development and the Department of Revenue to share information, including information of a confidential nature, as needed to properly administer the GLDTPA and the GLDEDA.

The bill as amended contains the emergency clause and would become effective upon the Governor’s signature. Initial costs for legal services to develop guidance documents, etc., can be accomplished with current resources. Other duties can be accomplished with existing staff resources.

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**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE****Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				