PREPARED BY: Clinton Verner
DATE PREPARED: May 30, 2025
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# LB 707

**Revision: 03**

# FISCAL NOTE

**LEGISLATIVE FISCAL ANALYST ESTIMATE**

Revised for AM1642

**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 | $1,098,000 | $50,800 | $1,252,000 |
| CASH FUNDS | | $44,000 | | $51,000 |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | $164,210 | $1,142,000 | $50,800 | $1,303,000 |

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

AM1642 amends definitions under section three of the Good Life Transformational Projects Act, amends the tax collections and distribution for qualified Good Life Districts under section five of the Good Life Transformation Projects Act, amends provisions in section six of the Good Life Transformational Projects Act relating to the approval and termination of Good Life Districts and qualifications for incentives relating to economic development programs established under the act, amends definitions under section nine of the Good Life District Economic Development Act, and amends the tax collections and distribution for Good Life Economic Development Districts under section eleven of the Good Life District Economic Development Act. Further detail on LB707 can be found in the fiscal note published on May 28, 2025.

No basis to disagree with the Department of Economic Development and Tax Commissioner that costs can be absorbed within their current appropriation. No basis to disagree with the Department of Revenues estimates for administrative impact and revenue projections.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|---|---|---|
| LB: 707 | AM: 1560, 1573, 1581, 1599, 286, and 287 | AGENCY/POLT. SUB: Department of Economic Development |
| REVIEWED BY: Ryan Yang | DATE: 5/29/2025 | PHONE: (402) 471-4178 |
| COMMENTS: Concur with the DED assessment of no fiscal impact from LB 707, AM 1560, AM 1573, AM 1581, AM 1599, FA 286, and FA 287. | | |

# LB 0707 AM 1642 — Fiscal Note 2025

**State Agency Estimate**

| State Agency Name: Department of Revenue | | Date Due LFO: |
|---|---|---|
| Approved by: James R. Kamm | Date Prepared: 05/30/2025 | Phone: 471-5896 |

| | FY 2025-2026 | | FY 2026-2027 | | FY 2027-2028 | |
|---|---|---|---|---|---|---|
| | Expenditures | Revenue | Expenditures | Revenue | Expenditures | Revenue |
| General Funds | $164,210 | $1,098,000 | $50,800 | $1,252,000 | $50,800 | $696,000 |
| Cash Funds | | $44,000 | | $51,000 | | $28,000 |
| Federal Funds | | | | | | |
| Other Funds | | $8,000 | | $9,000 | | $5,000 |
| Total Funds | $164,210 | $1,150,000 | $50,800 | $1,312,000 | $50,800 | $729,000 |

AM 1642 to Final Reading (AM 1560 with AM1573, 1599 & 1599 and FA287) LB 707 strikes the original sections and inserts new language. The bill with amendments pertain to the state sales tax rate and the Good Life Transformational Projects Act and the Good Life District Economic Development Act.

Sections 1 and 9 return the state sales tax rate to one rate, set at the current rate of five and one-half percent as of October 1, 2025, amending sections 77-2701.02 and 77-4410. In place of the lower rate the Department of Revenue will now allocate a portion of the sales tax collected in the GLD to the host city economic development program.

Sections 2, 7, 8 & 13 permit the sharing of confidential information between DED and DOR to properly administer the Good Life Transformational Projects Act and the Good Life District Economic Development Act. Allows DED to promulgate regulations.

Section 3. Adds definitions to the Good Life Transformational Projects Act. Requires the GLD applicant or new project area applicant to have controlling property rights over the real estate in the GLD or project area, allows other property to be included in the GLD if those owner consent to having their property included in the GLD. Defines enhanced employment area GLD retailer as a GLD retailer within a GLD that is in a city of the metropolitan class which has an occupation tax in the GLD. Defines a GLD applicant and retailer. Defines additional GLD retailer as a retailer that opens and keeps open for three years a new location in a GLD and was not previously located within forty miles of the GLD. Defines controlling property rights and relocated GLD retailer. Sets a definition of new business as a business that is new to the GLD and was not previously located within forty miles of the GLD and any related person. Defines new development costs related that include improvement to real property, new construction, infrastructure improvements and acquisition of personal property located and used in the GLD. New development costs will not include certain business acquisitions. New business does not include the residential portion of any business or entities that are exempt from income, sales and use tax,

**Major Objects of Expenditure**

| Class Code | Classification Title | 25-26 FTE | 26-27 FTE | 27-28 FTE | 25-26 Expenditures | 26-27 Expenditures | 27-28 Expenditures |
|---|---|---|---|---|---|---|---|
| A07082 | Information Technology Business Systems Analyst/Coordinator | 0.5 | 0.5 | 0.5 | $37,000 | $38,200 | $38,200 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Benefits | | | | | $12,200 | $12,600 | $12,600 |
| Operating Costs | | | | | $110,010 | | |
| Travel | | | | | | | |
| Capital Outlay | | | | | $5,000 | $0 | $0 |
| Capital Improvements | | | | | | | |
| **Total** | | | | | $164,210 | $50,800 | $50,800 |

except a city can qualify if that city is liable for sales and use tax pursuant to 77-4405(12) or related parties. Creates a project area within a GLD that may be approved by DED.

Section 4. Adds the term good life district applicant to section 77-4404.

Section 5. Amends 77-4405 to require the GLD applicant to demonstrate that the GLD has sufficient financing and that the project is financially viable. Must show that the GLD applicant has land ownership in the GLD or an option to purchase land within the GLD within 180 days. Requires that all property within the GLD be contiguous. This applies to application approved after adoption of this act. Provides that GLD may only be reduced in size. The change must be mutually agreed by the applicant and host city. Prohibits DED from removing an approved project area from a GLD. DED must send a copy of the GLD map and a list of all GLD retailers to DOR. Changes approval of design standards in the GLD from DED to the host city.

A city that is a GLD is not exempt from sales tax on building materials purchases for a new business that will or is intended to offer taxable sales in the GLD.

GLD applicants and retailers are eligible for a state refund of fifty percent of the state sales tax paid on development costs for a new business, additional GLD or relocated retailer to the extent there is excess allocation available (five million dollars in new state sales tax from new businesses and additional GLD retailers net of allocation and refunds) at the time the improvements are placed in service.

GLD and project area applicants and any recipient of allocated or reduced sales tax must submit an annual report to DED and the host city by December 31st. The report will include the same information now required from a GLD applicant to create a GLD.

Permits the establishment of up to six project areas (no overlapping areas) to be created in a GLD that is in a city of the first or second class or a village with a population of over one hundred thousand people. One project area may be created by the GLD applicant in a city of the metropolitan class. The GLD applicant may submit a project application within ninety days after the effective date of this act, other parties may file an application ninety days after the effective date of this act. DED will only approve a project area if it concludes that a viable development is included in the application. The host city, DED, and project applicant must enter a MOU. DED may remove property from a project area if the applicant no longer has controlling property rights. DED may promulgate project area regulations. Once established the allocated sales tax collected within the project area will go to a trustee for use approved eligible expenses within the project area and payment of debt service for bonds and other city economic development program costs.

Allows retailers in an enhanced employment area (EEA) in a city of the metropolitan class who have opted to be GLD retailers to charge fifty percent of the state sales tax rate on purchases made within the GLD starting October 1, 2025.

From July 1 to October 1, 2025, transactions within all GLDs within a city will continue to have a state sales tax rate of 2.75%. After October 1, 2025, transactions by retailers within an EEA, who opt to be GLD retailers, that physically occur within a GLD within a city of the metropolitan class, excluding motor vehicles and aircraft, will be fifty percent of the 5.5% state sales tax rate. All other GLDs will have the 5.5% state sales tax rate.

The local sales tax remittance to a city of the metropolitan class will be offset to account for lost state sales tax once sales tax of five million is collected by a GLD applicant or relocated retailers in the aggregate. The city may offset collected amounts from the EEA occupation tax.

Section 6. Amends section 77-4406 to allow DED to terminate a GLD if the host city has not established a GLD economic development program within three years after establishing the GLD, unless the city is the GLD applicant or the GLD is within a city of the metropolitan class. When evaluating to terminate a GLD, DED will accept evidence of investment commitments from any source if it relates to any portion of the project. Evidence of certification form the host city that represents commitments for investment from submitted by a city shall be conclusive. The applicant may request a GLD be terminated prior to the establishment of a GLD economic development program. Any termination will require recapture of any unencumbered amounts from a GLD economic development fund.

Section 9. Amends 77-4410. Defines allocated sales tax as state sales tax as of October 1, 2025, that is allocated by the Tax Commissioner to the GLD host city. Expands eligible costs to include costs related to public right-of-way, streets, trash service, landscaping, and new technology. Adds related party to the qualifying business definition. Defines nonrevenue producing costs.

Section 10. Amends 77-4412. Limits expenditure of eligible funds to no more than twenty percent for nonrevenue producing costs. Sets rules for disbursement of funds from a GLD economic development program to a project area applicant. The trustee may only disburse funds for payment or reimbursement of eligible costs pursuant to a MOU. DED may promulgate regulation on the MOU. Clarifies that that eminent domain may not be used to acquire property within a GLD for the purpose of giving or selling property to a private individual or corporation.

Section 11. Amends 77-4413. Removes the option of a city to impose a second local option sales tax within a GLD. The host city may impose a general business occupation tax within the GLD. Provides the Tax Commissioner will allocate state sales tax to the host city if it is the GLD applicant or upon establishment of a GLD economic development program and the allocated sales tax will constitute a local source of revenue for the GLD economic development program, if applicable.

After October 1, 2025, the following state sales tax on transactions that physically occur, excluding motor vehicles and aircraft, within the GLD by GLD retailers will be allocated to the host city:

(i) fifty percent from sales tax collected by GLD retailers that were not previously located in the GLD that has the 5.5% state sales tax rate and are not relocated GLD retailers;
(ii) fifty percent of the remaining state sales tax collected by GLD applicant or retailer not included above that were operating in the GLD when the GLD was established, up to five million in aggregated, except the cap is lifted for relocated GLD retailers when state sales tax from new businesses and additional GLD retailers exceed five million net of allocation and refunds; and
(iii) fifty percent of the state sales tax paid by a GLD or project area applicant, or GLD retailer on new development costs for a new business, additional GLD retailer or relocated GLD retailer.

Allocated sales tax does not include sales tax collected from EEA GLD retailers or applicants. The Tax Commissioner shall provide a detailed monthly report to the host city relating to the amounts collected and remitted from GLD retailers and applicants. The details, other than the aggregate total, shall remain confidential.

A city may designate a portion of the city's local option sales and use tax as a local source of revenue upon establishment of a GLD economic development program.

Section 12. Amends 77-4414 to permit certain funds to be remitted to the general fund and host city upon termination of a GLD.

Sec. 15. Original sections 77-2701.02, 77-4401, 77-4403, 77-4404, 77-4405, 77-4406, 77-4408, 77-4410, 77-4412, 77-4413, and 77-4414, Revised Statutes Cumulative Supplement, 2024, are repealed.

Sec. 11. Since an emergency exists, this act takes effect when passed and approved according to law.

The changes would place Nebraska back in compliance with the Streamlined Sales and Use Tax Agreement (SSUTA).

It is estimated that LB 707 AM 1642 will have the following impact:

| Fiscal Year | General Fund Revenues | Highway Trust Fund | Highway Allocation Fund (Cities and Counties) |
|---|---|---|---|
| FY25-26 | $ 1,098,000 | $ 44,000 | $ 8,000 |
| FY26-27 | $ 1,252,000 | $ 51,000 | $ 9,000 |
| FY27-28 | $ 696,000 | $ 28,000 | $ 5,000 |
| FY28-29 | $ 860,000 | $ 35,000 | $ 6,000 |

LB 707 AM 1642 will require a one-time programming charge of $110,010 paid to the OCIO to update the sales and use tax processing system. Also, changes to the sales and use tax application and ongoing maintenance will require .5 FTE at the Business Systems Analyst/Coordinator level.

This amendment contains an emergency clause and becomes law upon enactment.

**Please complete ALL (5) blanks in the first three lines.** **2025**

**LB**(1) 707 AMs 1560, 1573, 1581, 1599, FA286 & FA287 **FISCAL NOTE**

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

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

**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:**

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.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

| POSITION TITLE | NUMBER OF POSITIONS 25-26 | 26-27 | 2025-26 EXPENDITURES | 2026-27 EXPENDITURES |
|---|---|---|---|---|
| | | | | |
| | | | | |
| **Benefits**…… | | | | |
| **Operating**…… | | | | |
| **Travel**…… | | | | |
| **Capital outlay**…… | | | | |
| **Aid**…… | | | | |
| **Capital improvements**…… | | | | |
| **TOTAL**…… | | | | |