

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1165

FINAL READING

Introduced by von Gillern, 4; at the request of the Governor; Ibach, 44.

Read first time January 20, 2026

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 49-801.01, 81-12,144, 81-12,147, 81-12,148, and 81-12,149, Reissue
3 Revised Statutes of Nebraska, sections 77-5723, 77-5735, 77-6801,
4 77-6815, and 77-6832, Revised Statutes Cumulative Supplement, 2024,
5 and sections 13-2603, 77-6538, and 77-6831, Revised Statutes
6 Supplement, 2025; to adopt the Grow the Good Life Act; to provide an
7 income tax credit; to redefine a term under the Convention Center
8 Facility Financing Assistance Act; to change the time period in
9 which the required levels of employment and investment must be met
10 for certain projects under the Nebraska Advantage Act; to change
11 provisions relating to the Imagine Nebraska Act; to define a term,
12 provide for capital improvement grants to certain employers, and
13 provide for grants or zero-interest loans to certain cities of the
14 first class under the Site and Building Development Act; to create a
15 grant program managed by the Department of Labor to provide
16 additional support to certain employers experiencing a change of
17 ownership and control to retain or attract workforce in the state;
18 to harmonize provisions; to provide operative dates; to provide
19 severability; to repeal the original sections; and to declare an
20 emergency.

21 Be it enacted by the people of the State of Nebraska,

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

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

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

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

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

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

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

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

28 (c) Immediately prior to the date of the merger or combination, the
29 out-of-state company had an actual or implied enterprise value in excess
30 of fifty billion dollars and the shareholders of the out-of-state company
31 receive twenty percent or more of the ownership share value or voting

1 equity of the new merged or combined entity as part of the transaction;
2 and

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

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

6 (5) Earning period means the year of application plus the next nine
7 years;

8 (6) Employer means a taxpayer that:

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

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

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

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

21 (e) Electronically verifies the work eligibility status of all new
22 employees employed in Nebraska within ninety days after the date of hire
23 during the earning period and the usage period;

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

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

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

31 (i) Is a qualified business;

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

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

14 (9) Out-of-state company means a company that is not organized under
15 the laws of this state;

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

22 (11) Taxpayer means any person subject to sales and use taxes under
23 the Nebraska Revenue Act of 1967 and subject to withholding under section
24 77-2753 and any entity that is or would otherwise be a member of the same
25 unitary group, if incorporated, that is subject to such sales and use
26 taxes and such withholding. Taxpayer does not include a political
27 subdivision or an organization that is exempt from income taxes under
28 section 501(a) of the Internal Revenue Code of 1986, as amended. For
29 purposes of this subdivision, political subdivision includes any public
30 corporation created for the benefit of a political subdivision and any
31 group of political subdivisions forming a joint public agency, organized

1 by interlocal agreement, or utilizing any other method of joint action;

2 (12) Usage period means a ten-year period beginning on January 1,
3 2031, during which credits earned in the earning period shall be claimed;

4 (13) Wage retention credit means the credit described in the Grow
5 the Good Life Act; and

6 (14) Year means calendar year.

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

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

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

25 (3) The wage retention credits received in the earning period shall
26 be used during the usage period. Unused credits may carry over only to
27 the end of the usage period.

28 (4) The total amount all employers may receive in credits pursuant
29 to the Grow the Good Life Act shall not exceed fifty million dollars. If
30 two or more employers qualify for benefits, the one with the earlier
31 approval will be fully funded first. This benefit is in addition to any

1 benefits the employer may otherwise qualify for under the Imagine
2 Nebraska Act or may have qualified for previously under the Nebraska
3 Advantage Act or the Employment and Investment Growth Act.

4 (5) The wage retention credit shall be claimed by filing the forms
5 required by the Tax Commissioner with the employer's income tax return.
6 The credits may be used after any other nonrefundable credits to reduce
7 the employer's income tax liability imposed by sections 77-2714 to
8 77-27,135. Credits may be used beginning with the taxable year which
9 includes December 31 of the first year in the usage period. The last year
10 for which credits may be used is the taxable year which includes December
11 31 of the last year of the usage period. Any decision on how part of the
12 credit is applied shall not limit how the remaining credit could be
13 applied under this section.

14 (6) The employer may use the wage retention credit to reduce the
15 employer's income tax withholding employer or payor tax liability under
16 section 77-2756 or 77-2757. To the extent of the credit used, such
17 withholding shall not constitute public funds or state tax revenue and
18 shall not constitute a trust fund or be owned by the state. The use by
19 the employer of the credit shall not change the amount that otherwise
20 would be reported by the employer to the employee under section 77-2754
21 as income tax withheld and shall not reduce the amount that otherwise
22 would be allowed by the state as a refundable credit on an employee's
23 income tax return as income tax withheld under section 77-2755.

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

27 (2) The application shall:

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

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

31 (c) Request that the company be considered for approval under the

1 Grow the Good Life Act;

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

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

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

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

13 (4) An application may be approved by the director only if it is
14 consistent with the legislative purposes contained in section 2 of this
15 act, the employer will retain its headquarters in the state throughout
16 the earnings period and the usage period, and the employer will retain at
17 least ninety percent of the base-year employees in the state throughout
18 the earnings period and the usage period. This threshold regarding base-
19 year employees constitutes the required level of employment for purposes
20 of the Grow the Good Life Act. The director shall mail a notice within
21 thirty days after receiving the application, indicating the approval or
22 disapproval of the application, unless the time is extended by mutual
23 written consent of the director and applicant.

24 (5) If the application is approved by the director, the employer and
25 the state shall enter into a written agreement, which shall be executed
26 on behalf of the state by the director. In the agreement, the employer
27 shall agree to retain its headquarters in the state throughout the
28 earning period and the usage period, and retain at least ninety percent
29 of the base-year employees in the state throughout the earning period and
30 the usage period. In consideration of the employer's agreement, the state
31 shall agree to allow the wage retention credits as provided in the Grow

1 the Good Life Act. The application, and all supporting documentation, to
2 the extent approved, shall be considered a part of the agreement. The
3 agreement may contain such terms and conditions as the director specifies
4 in order to carry out the legislative purposes of the Grow the Good Life
5 Act. The agreement shall contain provisions to allow the Department of
6 Revenue to verify that the required levels of employment have been
7 maintained and the headquarters is still located in the state.

8 **Sec. 7.** (1) If the employer fails to retain the required level of
9 employment and retain its headquarters in the state throughout the
10 entirety of the earning period and the usage period, all or a portion of
11 the wage retention credits shall be recaptured directly by the state from
12 the employer or shall be disallowed. In no event shall any wage retention
13 credits be required to be paid back directly or indirectly by the
14 employees. All such credits must be repaid by the employer.

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

16 (a) If the employer has failed to retain the required level of
17 employment:

18 (i) No wage retention credits shall be used, and if already used
19 shall be recaptured, for the actual year or years in which the required
20 level of employment was not maintained;

21 (ii) For wage retention credits used in prior years, one-tenth of
22 the credits shall be recaptured from the employer for each year the
23 required level of employment was not maintained; and

24 (iii) For wage retention credits for future years, the credits shall
25 be reduced by one-tenth for each year the required level of employment
26 was not maintained in previous years; and

27 (b) If the employer has failed to retain its headquarters in the
28 state:

29 (i) No wage retention credits shall be used, and if already used
30 shall be recaptured, for the actual year or years in which the
31 headquarters was not retained in the state;

1 (ii) For wage retention credits allowed in prior years, one-tenth of
2 the credits shall be recaptured from the employer for each year of the
3 usage period the headquarters was not maintained in the state; and

4 (iii) Wage retention credits will not be allowed for future years if
5 the employer has not maintained its headquarters in the state.

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

12 (4) Interest shall accrue from the due date for the return for the
13 year in which the employer failed to maintain the required level of
14 employment or failed to maintain its headquarters in the state.

15 (5) Penalties shall not accrue until ninety days after the
16 requirement for recapture or disallowance becomes known or should have
17 become known to the employer.

18 (6) The recapture or disallowance required by this section may be
19 waived by the Tax Commissioner if he or she finds the failure to maintain
20 the required level of employment or failure to maintain the employer's
21 headquarters in the state was caused by unavoidable circumstances such as
22 an act of God or a national emergency.

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

26 (a) Any credit allowable to a partnership, a limited liability
27 company, a subchapter S corporation, a cooperative, including a
28 cooperative exempt under section 521 of the Internal Revenue Code of
29 1986, as amended, a limited cooperative association, or an estate or
30 trust may be distributed to the partners, members, shareholders, patrons,
31 or beneficiaries in the same manner as income is distributed for use

1 against their income tax liabilities, and such partners, members,
2 shareholders, or beneficiaries shall be deemed to have made an
3 underpayment of their income taxes for any recapture required by section
4 7 of this act. A credit distributed shall be considered a credit used and
5 the partnership, limited liability company, subchapter S corporation,
6 cooperative, including a cooperative exempt under section 521 of the
7 Internal Revenue Code of 1986, as amended, limited cooperative
8 association, estate, or trust shall be liable for any repayment required
9 by section 7 of this act;

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

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

27 (2) The acquiring taxpayer, as of the date of notification to the
28 director of the completed transfer, shall be entitled to any unused
29 credits and to any future credits allowable under the Grow the Good Life
30 Act.

31 (3) The acquiring taxpayer shall be liable for any recapture that

1 becomes due after the date of the transfer for the repayment of any
2 credits received either before or after the transfer.

3 (4) If a taxpayer dies and there is a credit remaining after the
4 filing of the final return for the taxpayer, the personal representative
5 shall determine the distribution of the credit or any remaining carryover
6 with the initial fiduciary return filed for the estate. The determination
7 of the distribution of the credit may be changed only after obtaining the
8 permission of the Tax Commissioner.

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

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

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

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

1 (3) The report shall provide information on agreement-specific total
2 credits used every two years for each agreement. The report shall
3 disclose the identity of the taxpayer and the total credits used during
4 the immediately preceding two years, expressed as a single, aggregated
5 total. The information required to be reported under this subsection
6 shall not be reported for the first year the taxpayer maintains the
7 required employment threshold. The information on first-year credits used
8 shall be combined with and reported as part of the second year.
9 Thereafter, the information on credits used for succeeding years shall be
10 reported for each agreement every two years containing information on two
11 years of credits used.

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

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

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

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

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

31 **Sec. 13.** Section 13-2603, Revised Statutes Supplement, 2025, is

1 amended to read:

2 13-2603 For purposes of the Convention Center Facility Financing
3 Assistance Act:

4 (1) Applicant means the political subdivision that applies for
5 assistance under the act;

6 (2) Associated hotel means any publicly or privately owned facility
7 in which the public may, for a consideration, obtain sleeping
8 accommodations and which is located, in whole or in part, within six
9 hundred yards of an eligible facility, measured from any point of the
10 exterior perimeter of the eligible facility but not from any parking
11 facility or other structure, except that if the eligible facility is
12 within six hundred yards of the State Capitol, the area used in
13 determining associated hotels shall be one or more contiguous or
14 noncontiguous areas within the territorial boundaries of the applicant
15 which are selected by the applicant and which aggregate the same total
16 amount of square footage that such area would have contained had the
17 eligible facility not been within six hundred yards of the State Capitol.
18 The area used in determining associated hotels shall be depicted on a map
19 submitted pursuant to section 13-2605;

20 (3) Board means a board consisting of the Governor, the State
21 Treasurer, the chairperson of the Nebraska Investment Council, the
22 chairperson of the Nebraska State Board of Public Accountancy, and a
23 professor of economics on the faculty of a state postsecondary
24 educational institution appointed to a two-year term on the board by the
25 Coordinating Commission for Postsecondary Education. For administrative
26 and budget purposes only, the board shall be considered part of the
27 Department of Revenue;

28 (4) Bond means a general obligation bond, redevelopment bond, lease-
29 purchase bond, revenue bond, or combination of any such bonds;

30 (5) Convention and meeting center facility means a temperature-
31 controlled building and personal property primarily used as a convention

1 and meeting center, including an auditorium, an exhibition hall, a
2 facility for onsite food preparation and serving, an onsite, directly
3 connected parking facility for the use of the convention and meeting
4 center facility, a nearby parking facility for the use of the convention
5 and meeting center facility, and an onsite administrative office of the
6 convention and meeting center facility;

7 (6)(a) Eligible facility means any publicly owned convention and
8 meeting center facility approved for state assistance on or before June
9 1, 2007, any publicly owned sports arena facility attached to such
10 convention and meeting center facility, or any publicly owned convention
11 and meeting center facility or publicly owned sports arena facility
12 acquired, constructed, improved, or equipped after June 1, 2007; and

13 (b) Beginning with applications for financial assistance received on
14 or after February 1, 2008, eligible facility does not include any
15 publicly owned sports arena facility with a seating capacity of greater
16 than sixteen thousand seats unless such facility is located in a city of
17 the primary class;

18 (7) General obligation bond means any bond or refunding bond issued
19 by a political subdivision and which is payable exclusively from the
20 proceeds of an ad valorem tax;

21 (8) Maximum aggregate appropriation means (a) one hundred fifty
22 million dollars for any one approved project, but not more than the total
23 cost of acquiring, constructing, improving, repairing, replacing,
24 financing, or equipping the eligible facilities of the political
25 subdivision, or (b) for an eligible facility located within six hundred
26 yards of the State Capitol, the total cost of acquiring, constructing,
27 improving, repairing, replacing, financing, and equipping such facility,
28 but only to the extent the cost of acquiring, constructing, improving,
29 repairing, replacing, and equipping such facility does not exceed one
30 hundred fifty million dollars;

31 (9) Nearby parking facility means any parking lot, parking garage,

1 or other parking structure that is not directly connected to a convention
2 and meeting center facility but which is located, in whole or in part,
3 within six hundred yards of a convention and meeting center facility,
4 measured from any point of the exterior perimeter of such facility but
5 not from any other parking facility or other structure;

6 (10) Nearby retailer means a retailer as defined in section
7 77-2701.32 that is located, in whole or in part, within six hundred yards
8 of an eligible facility the application for which is approved on or after
9 June 7, 2023, measured from any point of the exterior perimeter of the
10 eligible facility but not from any parking facility or other structure,
11 except that if the eligible facility is within six hundred yards of the
12 State Capitol, the area used in determining nearby retailers shall be one
13 or more contiguous or noncontiguous areas within the territorial
14 boundaries of the applicant which are selected by the applicant and which
15 aggregate the same total amount of square footage that such area would
16 have contained had the eligible facility not been within six hundred
17 yards of the State Capitol. The area used in determining nearby retailers
18 shall be depicted on a map submitted pursuant to section 13-2605;

19 (11) Political subdivision means any local governmental body formed
20 and organized under state law and any joint entity or joint public agency
21 created under state law to act on behalf of political subdivisions which
22 has statutory authority to issue general obligation bonds;

23 (12) Revenue bond means any bond or refunding bond issued by a
24 political subdivision which is limited or special rather than a general
25 obligation bond of the political subdivision and which is not payable
26 from the proceeds of an ad valorem tax; and

27 (13) Sports arena facility means any enclosed temperature-controlled
28 building primarily used for competitive sports, including arenas,
29 dressing and locker facilities, concession areas, parking facilities, and
30 onsite administrative offices connected with operating the facilities.

31 **Sec. 14.** Section 49-801.01, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 49-801.01 Except as provided by Article VIII, section 1B, of the
3 Constitution of Nebraska and in sections 77-1106, 77-1108, 77-1109,
4 77-1117, 77-1119, 77-2701.01, 77-2714 to 77-27,123, 77-27,191, 77-2902,
5 77-2906, 77-2908, 77-2909, 77-4103, 77-4104, 77-4108, 77-5509, 77-5515,
6 77-5527 to 77-5529, 77-5539, 77-5717 to 77-5719, 77-5728, 77-5802,
7 77-5803, 77-5806, 77-5903, 77-6302, 77-6306, 77-6509, 77-6513, 77-6519,
8 77-6811, 77-6815, 77-6819, 77-6821, 77-6822, 77-6831, 77-6834, 77-6842,
9 77-6908, 77-6913, 77-6915, 77-6916, and 77-6925 and sections 3 and 8 of
10 this act, any reference to the Internal Revenue Code refers to the
11 Internal Revenue Code of 1986 as it exists on April 12, 2018.

12 **Sec. 15.** Section 77-5723, Revised Statutes Cumulative Supplement,
13 2024, is amended to read:

14 77-5723 (1) In order to utilize the incentives set forth in the
15 Nebraska Advantage Act, the taxpayer shall file an application, on a form
16 developed by the Tax Commissioner, requesting an agreement with the Tax
17 Commissioner.

18 (2) The application shall contain:

19 (a) A written statement describing the plan of employment and
20 investment for a qualified business in this state;

21 (b) Sufficient documents, plans, and specifications as required by
22 the Tax Commissioner to support the plan and to define a project;

23 (c) If more than one location within this state is involved,
24 sufficient documentation to show that the employment and investment at
25 different locations are interdependent parts of the plan. A headquarters
26 shall be presumed to be interdependent with each other location directly
27 controlled by such headquarters. A showing that the parts of the plan
28 would be considered parts of a unitary business for corporate income tax
29 purposes shall not be sufficient to show interdependence for the purposes
30 of this subdivision;

31 (d) A nonrefundable application fee of one thousand dollars for a

1 tier 1 project, two thousand five hundred dollars for a tier 2, tier 3,
2 or tier 5 project, five thousand dollars for a tier 4 project, and ten
3 thousand dollars for a tier 6 project. The fee shall be credited to the
4 Nebraska Incentives Fund; and

5 (e) A timetable showing the expected sales tax refunds and what year
6 they are expected to be claimed. The timetable shall include both direct
7 refunds due to investment and credits taken as sales tax refunds as
8 accurately as possible.

9 The application and all supporting information shall be confidential
10 except for the name of the taxpayer, the location of the project, the
11 amounts of increased employment and investment, and the information
12 required to be reported by sections 77-5731 and 77-5734.

13 (3) An application must be complete to establish the date of the
14 application. An application shall be considered complete once it contains
15 the items listed in subsection (2) of this section, regardless of the Tax
16 Commissioner's additional needs pertaining to information or
17 clarification in order to approve or not approve the application.

18 (4) Once satisfied that the plan in the application defines a
19 project consistent with the purposes stated in the Nebraska Advantage Act
20 in one or more qualified business activities within this state, that the
21 taxpayer and the plan will qualify for benefits under the act, and that
22 the required levels of employment and investment for the project will be
23 met within the applicable time period prescribed in this subsection, the
24 Tax Commissioner shall approve the application. For a tier 6 project
25 submitted and approved by the Tax Commissioner prior to December 1, 2020,
26 or for any tier 1 or tier 3 project, the required levels of employment
27 and investment shall be met prior to the end of the fourth year after the
28 year in which the application was submitted. For a tier 6 project
29 submitted and approved by the Tax Commissioner on or after December 1,
30 2020, ~~or for any tier 2, tier 4, or tier 5 project,~~ the required levels
31 of employment and investment shall be met prior to the end of the ninth

1 ~~sixth~~ year after the year in which the application was submitted. For any
2 tier 2, tier 4, or tier 5 project, the required levels of employment and
3 investment shall be met prior to the end of the sixth year after the year
4 in which the application was submitted. For a tier 5 project that is
5 sequential to a tier 2 large data center project, the required level of
6 investment shall be met prior to the end of the fourth year after the
7 expiration of the tier 2 large data center project entitlement period
8 relating to sales tax exemptions.

9 (5) The Tax Commissioner shall make his or her determination to
10 approve or not approve an application within one hundred eighty days
11 after the date of the application. If the Tax Commissioner requests, by
12 mail or by electronic means, additional information or clarification from
13 the taxpayer in order to make his or her determination, such one-hundred-
14 eighty-day period shall be tolled from the time the Tax Commissioner
15 makes the request to the time he or she receives the requested
16 information or clarification from the taxpayer. The taxpayer and the Tax
17 Commissioner may also agree to extend the one-hundred-eighty-day period.
18 If the Tax Commissioner fails to make his or her determination within the
19 prescribed one-hundred-eighty-day period, the application shall be deemed
20 approved.

21 (6) Within one hundred eighty days after approval of the
22 application, the Tax Commissioner shall prepare and mail a written
23 agreement to the taxpayer for the taxpayer's signature. The taxpayer and
24 the Tax Commissioner shall enter into a written agreement. The taxpayer
25 shall agree to complete the project, and the Tax Commissioner, on behalf
26 of the State of Nebraska, shall designate the approved plan of the
27 taxpayer as a project and, in consideration of the taxpayer's agreement,
28 agree to allow the taxpayer to use the incentives contained in the
29 Nebraska Advantage Act. The application, and all supporting
30 documentation, to the extent approved, shall be considered a part of the
31 agreement. The agreement shall state:

1 (a) The levels of employment and investment required by the act for
2 the project;

3 (b) The time period under the act in which the required levels must
4 be met;

5 (c) The documentation the taxpayer will need to supply when claiming
6 an incentive under the act;

7 (d) The date the application was filed; and

8 (e) A requirement that the company update the Department of Revenue
9 annually on any changes in plans or circumstances which affect the
10 timetable of sales tax refunds as set out in the application. If the
11 company fails to comply with this requirement, the Tax Commissioner may
12 defer any pending sales tax refunds until the company does comply.

13 (7) The incentives contained in section 77-5725 shall be in lieu of
14 the tax credits allowed by the Nebraska Advantage Rural Development Act
15 for any project. In computing credits under the act, any investment or
16 employment which is eligible for benefits or used in determining benefits
17 under the Nebraska Advantage Act shall be subtracted from the increases
18 computed for determining the credits under section 77-27,188. New
19 investment or employment at a project location that results in the
20 meeting or maintenance of the employment or investment requirements, the
21 creation of credits, or refunds of taxes under the Employment and
22 Investment Growth Act shall not be considered new investment or
23 employment for purposes of the Nebraska Advantage Act. The use of
24 carryover credits under the Employment and Investment Growth Act, the
25 Invest Nebraska Act, the Nebraska Advantage Rural Development Act, or the
26 Quality Jobs Act shall not preclude investment and employment from being
27 considered new investment or employment under the Nebraska Advantage Act.
28 The use of property tax exemptions at the project under the Employment
29 and Investment Growth Act shall not preclude investment not eligible for
30 the property tax exemption from being considered new investment under the
31 Nebraska Advantage Act.

1 (8) A taxpayer and the Tax Commissioner may enter into agreements
2 for more than one project and may include more than one project in a
3 single agreement. The projects may be either sequential or concurrent. A
4 project may involve the same location as another project. No new
5 employment or new investment shall be included in more than one project
6 for either the meeting of the employment or investment requirements or
7 the creation of credits. When projects overlap and the plans do not
8 clearly specify, then the taxpayer shall specify in which project the
9 employment or investment belongs.

10 (9) The taxpayer may request that an agreement be modified if the
11 modification is consistent with the purposes of the act and does not
12 require a change in the description of the project. An agreement may not
13 be modified to a tier that would grant a higher level of benefits to the
14 taxpayer or to a tier 1 project. Once satisfied that the modification to
15 the agreement is consistent with the purposes stated in the act, the Tax
16 Commissioner and taxpayer may amend the agreement. For a tier 6 project,
17 the taxpayer must agree to limit the project to qualified activities
18 allowable under tier 2 and tier 4.

19 **Sec. 16.** Section 77-5735, Revised Statutes Cumulative Supplement,
20 2024, is amended to read:

21 77-5735 (1) The changes made in sections 77-5703, 77-5708, 77-5712,
22 77-5714, 77-5715, 77-5723, 77-5725, 77-5726, 77-5727, and 77-5731 by Laws
23 2008, LB895, and sections 77-5707.01, 77-5719.01, and 77-5719.02 apply to
24 all applications filed on and after April 18, 2008. For all applications
25 filed prior to such date, the provisions of the Nebraska Advantage Act as
26 they existed immediately prior to such date apply.

27 (2) The changes made in sections 77-5725 and 77-5726 by Laws 2010,
28 LB879, apply to all applications filed on or after July 15, 2010. For all
29 applications filed prior to such date, the taxpayer may make a one-time
30 election, within the time period prescribed by the Tax Commissioner, to
31 have the changes made in sections 77-5725 and 77-5726 by Laws 2010,

1 LB879, apply to such taxpayer's application, or in the absence of such an
2 election, the provisions of the Nebraska Advantage Act as they existed
3 immediately prior to July 15, 2010, apply to such application.

4 (3) The changes made in sections 77-5707, 77-5715, 77-5719, and
5 77-5725 by Laws 2010, LB918, apply to all applications filed on or after
6 July 15, 2010. For all applications filed prior to such date, the
7 provisions of the Nebraska Advantage Act as they existed immediately
8 prior to such date apply.

9 (4) The changes made in sections 77-5701, 77-5703, 77-5705, 77-5715,
10 77-5723, 77-5725, 77-5726, and 77-5727 by Laws 2012, LB1118, apply to all
11 applications filed on or after March 8, 2012. For all applications filed
12 prior to such date, the provisions of the Nebraska Advantage Act as they
13 existed immediately prior to such date apply.

14 (5) The changes made in sections 77-5707.01, 77-5709, 77-5712,
15 77-5719, 77-5720, 77-5723, and 77-5726 by Laws 2013, LB34, apply to all
16 applications filed on or after September 6, 2013. For all applications
17 filed prior to such date, the provisions of the Nebraska Advantage Act as
18 they existed immediately prior to such date apply.

19 (6) The changes made in section 77-5726 by Laws 2017, LB161, apply
20 to all applications filed before, on, or after August 24, 2017.

21 (7) The changes made in sections 77-5705, 77-5723, 77-5725, 77-5726,
22 and 77-5727 and in subsections (3), (6), and (7) of section 77-5731 by
23 Laws 2022, LB1150, apply to any agreement entered into under the Nebraska
24 Advantage Act that is still active on January 1, 2023, if the taxpayer
25 makes a one-time election, within the time period prescribed by the Tax
26 Commissioner, to have such changes apply to such taxpayer's agreement. In
27 the absence of such an election, the provisions of such sections and
28 subsections as they existed immediately prior to January 1, 2023, shall
29 apply to such agreement. For each election made under this subsection,
30 the Tax Commissioner shall disclose such election, the identity of the
31 taxpayer, and the location of the taxpayer's project to each municipality

1 in which the project is located. The Tax Commissioner shall make such
2 disclosures within thirty days after the election.

3 (8) The changes made in sections 77-5723 and 77-5727 by Laws 2024,
4 LB1088, apply to any agreement entered into under the Nebraska Advantage
5 Act that is still active on July 19, 2024, if the taxpayer makes a one-
6 time election, within the time period prescribed by the Tax Commissioner,
7 to have such changes apply to such taxpayer's agreement. In the absence
8 of such an election, the provisions of such sections as they existed
9 immediately prior to July 19, 2024, shall apply to such agreement.

10 (9) The changes made in section 77-5723 by this legislative bill
11 apply to any agreement for a tier 6 project entered into under the
12 Nebraska Advantage Act that is still active on the operative date of this
13 section if a taxpayer makes a one-time election and pays a fee of ninety
14 thousand dollars, within the time period prescribed by the Tax
15 Commissioner, to have such changes apply to such taxpayer's agreement. In
16 the absence of such an election, the provisions of such section as it
17 existed immediately prior to the operative date of this section shall
18 apply to such agreement.

19 **Sec. 17.** Section 77-6538, Revised Statutes Supplement, 2025, is
20 amended to read:

21 77-6538 (1) If a qualified employer has entered into an agreement
22 with the state pursuant to section 77-6539, the qualified employer shall
23 during each year of the performance period receive the wage credit
24 approved by the Tax Commissioner in the manner provided in the Defense
25 Efforts Workforce Act.

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

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

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

13 (5) The qualified employer may use the wage credit to reduce the
14 qualified employer's income tax withholding or payor tax liability under
15 section 77-2756 or 77-2757. To the extent of the credit used, such
16 withholding shall not constitute public funds or state tax revenue and
17 shall not constitute a trust fund or be owned by the state. The use by
18 the qualified employer of the credit shall not change the amount that
19 otherwise would be reported by the qualified employer to the employee
20 under section 77-2754 as income tax withheld and shall not reduce the
21 amount that otherwise would be allowed by the state as a refundable
22 credit on an employee's income tax return as income tax withheld under
23 section 77-2755.

24 **Sec. 18.** Section 77-6801, Revised Statutes Cumulative Supplement,
25 2024, is amended to read:

26 77-6801 Sections 77-6801 to 77-6846 and section 22 of this act shall
27 be known and may be cited as the Imagine Nebraska Act.

28 **Sec. 19.** Section 77-6815, Revised Statutes Cumulative Supplement,
29 2024, is amended to read:

30 77-6815 (1) Number of new employees, for purposes of subdivisions
31 (1)(b), (4)(d), (5)(c), and (8)(b)(iii) of section 77-6831, means the

1 lesser of:

2 (a) The number of equivalent employees that are employed at the
3 qualified location or locations during a year that are in excess of the
4 number of equivalent employees during the base year; or

5 (b) The sum of:

6 (i) The number of equivalent employees employed full-time at the
7 qualified location or locations during a year who are not base-year
8 employees, who meet the health coverage requirement of subsection (8) ~~(7)~~
9 of this section, and who are paid compensation at a rate equal to at
10 least one hundred fifty percent of the Nebraska statewide average hourly
11 wage for the year of application; and

12 (ii) The number of equivalent employees who were not employed full-
13 time at the qualified location during the base year and became employed
14 full-time at the qualified location after the base year, after
15 subtracting the hours worked by such employees in the base year, who meet
16 the health coverage requirement of subsection (8) ~~(7)~~ of this section,
17 and who are paid compensation at a rate equal to at least one hundred
18 fifty percent of the Nebraska statewide average hourly wage for the year
19 of application.

20 (2) Number of new employees, for purposes of subdivisions (4)(a)(i)
21 and (5)(a)(i) of section 77-6831, means the lesser of:

22 (a) The number of equivalent employees that are employed at the
23 qualified location or locations during a year that are in excess of the
24 number of equivalent employees during the base year; or

25 (b) The sum of:

26 (i) The number of equivalent employees employed full-time at the
27 qualified location or locations during a year who are not base-year
28 employees, who meet the health coverage requirement of subsection (8) ~~(7)~~
29 of this section, and who are paid compensation at a rate equal to at
30 least ninety percent of the Nebraska statewide average hourly wage for
31 the year of application; and

1 (ii) The number of equivalent employees who were not employed full-
2 time at the qualified location during the base year and became employed
3 full-time at the qualified location after the base year, after
4 subtracting the hours worked by such employees in the base year, who meet
5 the health coverage requirement of subsection (8) ~~(7)~~ of this section,
6 and who are paid compensation at a rate equal to at least ninety percent
7 of the Nebraska statewide average hourly wage for the year of
8 application.

9 (3) Number of new employees, for purposes of subdivisions (4)(a)(ii)
10 and (5)(a)(ii) of section 77-6831, means the lesser of:

11 (a) The number of equivalent employees that are employed at the
12 qualified location or locations during a year that are in excess of the
13 number of equivalent employees during the base year; or

14 (b) The sum of:

15 (i) The number of equivalent employees employed full-time at the
16 qualified location or locations during a year who are not base-year
17 employees, who meet the health coverage requirement of subsection (8) ~~(7)~~
18 of this section, and who are paid compensation at a rate equal to at
19 least seventy-five percent of the Nebraska statewide average hourly wage
20 for the year of application; and

21 (ii) The number of equivalent employees who were not employed full-
22 time at the qualified location during the base year and became employed
23 full-time at the qualified location after the base year, after
24 subtracting the hours worked by such employees in the base year, who meet
25 the health coverage requirement of subsection (8) ~~(7)~~ of this section,
26 and who are paid compensation at a rate equal to at least seventy-five
27 percent of the Nebraska statewide average hourly wage for the year of
28 application.

29 (4) Number of new employees, for purposes of subdivisions (4)(a)
30 (iii), (4)(e), (5)(a)(iii), and (5)(d) of section 77-6831, means the
31 lesser of:

1 (a) The number of equivalent employees that are employed at the
2 qualified location or locations during a year that are in excess of the
3 number of equivalent employees during the base year; or

4 (b) The sum of:

5 (i) The number of equivalent employees employed full-time at the
6 qualified location or locations during a year who are not base-year
7 employees, who meet the health coverage requirement of subsection ~~(8)~~ ~~(7)~~
8 of this section, and who are paid compensation at a rate equal to at
9 least seventy percent of the Nebraska statewide average hourly wage for
10 the year of application; and

11 (ii) The number of equivalent employees who were not employed full-
12 time at the qualified location during the base year and became employed
13 full-time at the qualified location after the base year, after
14 subtracting the hours worked by such employees in the base year, who meet
15 the health coverage requirement of subsection ~~(8)~~ ~~(7)~~ of this section,
16 and who are paid compensation at a rate equal to at least seventy percent
17 of the Nebraska statewide average hourly wage for the year of
18 application.

19 (5) Number of new employees, for purposes of subdivision (6)(b) of
20 section 77-6831, means the number of equivalent employees employed full-
21 time at the qualified location or locations during a year that are in
22 excess of the number of equivalent employees during the year prior to the
23 year when a change in ownership and control as defined in subdivision (3)
24 of section 3 of this act occurred who meet the health coverage
25 requirement of subsection (8) of this section and for whom the average
26 annual wage is one hundred thousand dollars or more;

27 ~~(6)~~ ~~(5)~~ Number of new employees, for all other purposes, except as
28 otherwise provided in the Imagine Nebraska Act, means the lesser of:

29 (a) The number of equivalent employees that are employed at the
30 qualified location or locations during a year that are in excess of the
31 number of equivalent employees during the base year; or

1 (b) The sum of:

2 (i) The number of equivalent employees employed full-time at the
3 qualified location or locations during a year who are not base-year
4 employees, who meet the health coverage requirement of subsection (8) ~~(7)~~
5 of this section, and who are paid compensation at a rate equal to at
6 least the Nebraska statewide average hourly wage for the year of
7 application; and

8 (ii) The number of equivalent employees who were not employed full-
9 time at the qualified location during the base year and became employed
10 full-time at the qualified location after the base year, after
11 subtracting the hours worked by such employees in the base year, who meet
12 the health coverage requirement of subsection (8) ~~(7)~~ of this section,
13 and who are paid compensation at a rate equal to at least the Nebraska
14 statewide average hourly wage for the year of application.

15 (7) ~~(6)~~ For employees who work both at a qualified location and also
16 perform services for the taxpayer at other nonqualified locations, they
17 will be included in determining the number of new employees if more than
18 fifty percent of the time for which they are compensated is spent at the
19 qualified location. For any year other than the base year, employees who
20 work at the qualified location fifty percent or less of the time for
21 which they are compensated are not considered employed at the qualified
22 location. For employees who work both at a qualified location and also
23 perform services for the taxpayer at the employee's Nebraska residence,
24 the time for which an employee is compensated for services performed at
25 the employee's Nebraska residence will be considered spent at the
26 qualified location.

27 (8) ~~(7)~~ An employee meets the health coverage requirement if the
28 taxpayer offers to that employee, for that year, the opportunity to
29 enroll in minimum essential coverage under an eligible employer-sponsored
30 plan, as those terms are defined and described in section 5000A of the
31 Internal Revenue Code of 1986, as amended, and the regulations for such

1 section.

2 (9) ~~(8)~~ For purposes of this section, employed full-time means that
3 the employee is a full-time employee as defined and described in section
4 4980H of the Internal Revenue Code of 1986, as amended, and the
5 regulations for such section.

6 **Sec. 20.** Section 77-6831, Revised Statutes Supplement, 2025, is
7 amended to read:

8 77-6831 (1) A taxpayer shall be entitled to the sales and use tax
9 incentives contained in subsection (2) of this section if the taxpayer:

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

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

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

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

25 (ii) The taxpayer must offer to its employees who constitute full-
26 time employees as defined and described in section 4980H of the Internal
27 Revenue Code of 1986, as amended, and the regulations for such section,
28 at the qualified location or locations for each year of the performance
29 period, the opportunity to enroll in minimum essential coverage under an
30 eligible employer-sponsored plan, as those terms are defined and
31 described in section 5000A of the Internal Revenue Code of 1986, as

1 amended, and the regulations for such section; and

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

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

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

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

12 (ii) Property, excluding motor vehicles, based in this state and
13 used in both this state and another state in connection with the
14 qualified location or locations except when any such property is to be
15 used for fundraising for or for the transportation of an elected
16 official;

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

23 (iv) Tangible personal property by a contractor or repairperson
24 after appointment as a purchasing agent of the taxpayer when such
25 property is annexed to, but not incorporated into, real estate at the
26 qualified location or locations. The refund shall be based on the cost of
27 materials subject to the sales and use tax that were annexed to real
28 estate; and

29 (v) Tangible personal property by a contractor or repairperson after
30 appointment as a purchasing agent of the taxpayer when such property is
31 both (A) incorporated into real estate at the qualified location or

1 locations and (B) annexed to, but not incorporated into, real estate at
2 the qualified location or locations. The refund shall be based on fifty
3 percent of the contract price, excluding any land, as the cost of
4 materials subject to the sales and use tax; and

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

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

26 (b) If the taxpayer makes the investment in qualified property and
27 hires the new employees at the qualified location or locations as
28 specified in subsection (1) of this section, the taxpayer shall receive
29 the sales tax refunds described in subdivision (2)(a) of this section.
30 For any year in which the taxpayer is not at the required levels of
31 employment and investment, the taxpayer shall report all sales and use

1 taxes owed for the period on the taxpayer's tax return.

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

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

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

24 (iii) If the taxpayer attains a cumulative investment in qualified
25 property of at least one million dollars and hires at least ten new
26 employees at the qualified location or locations before the end of the
27 ramp-up period and the number of new employees and investment are at a
28 qualified location or locations within one or more counties in Nebraska
29 that each have a population of less than one hundred thousand, and at
30 which the majority of the business activities conducted are described in
31 subdivision (1)(a) or (1)(n) of section 77-6818, the taxpayer shall be

1 entitled to a credit equal to seven ~~six~~ percent times the average wage of
2 new employees times the number of new employees. For purposes of meeting
3 the ten-employee requirement of this subdivision, the number of new
4 employees shall be multiplied by two. Wages in excess of one million
5 dollars paid to any one employee during the year shall be excluded from
6 the calculations under this subdivision;

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

23 (c) If a taxpayer attains a cumulative investment in qualified
24 property of at least five million dollars and hires at least thirty new
25 employees at the qualified location or locations before the end of the
26 ramp-up period, the taxpayer shall be entitled to a credit equal to five
27 percent times the average wage of new employees times the number of new
28 employees if the average wage of the new employees equals at least one
29 hundred percent of the Nebraska statewide average hourly wage for the
30 year of application. The credit shall equal seven percent times the
31 average wage of new employees times the number of new employees if the

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

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

23 (e) If a taxpayer attains a cumulative investment in qualified
24 property of at least two hundred fifty thousand dollars but less than one
25 million dollars and hires at least five new employees at the qualified
26 location or locations before the end of the ramp-up period and the number
27 of new employees and investment are at a qualified location within an
28 economic redevelopment area, the taxpayer shall be entitled to a credit
29 equal to six percent times the average wage of new employees times the
30 number of new employees if the average wage of the new employees equals
31 at least seventy percent of the Nebraska statewide average hourly wage

1 for the year of application. Wages in excess of one million dollars paid
2 to any one employee during the year shall be excluded from the
3 calculations under this subdivision. For purposes of this subdivision,
4 economic redevelopment area means an area in which (i) the average rate
5 of unemployment in the area during the period covered by the most recent
6 American Community Survey 5-Year Estimate is at least one hundred fifty
7 percent of the average rate of unemployment in the state during the same
8 period and (ii) the average poverty rate in the area exceeds twenty
9 percent for the total federal census tract or tracts or federal census
10 block group or block groups in the area.

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

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

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

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

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

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

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

1 of new employees and investment are at a qualified location within an
2 economic redevelopment area, the taxpayer shall be entitled to a credit
3 equal to four percent of the investment made in qualified property at the
4 qualified location or locations. For purposes of this subdivision,
5 economic redevelopment area means an area in which (i) the average rate
6 of unemployment in the area during the period covered by the most recent
7 American Community Survey 5-Year Estimate is at least one hundred fifty
8 percent of the average rate of unemployment in the state during the same
9 period and (ii) the average poverty rate in the area exceeds twenty
10 percent for the total federal census tract or tracts or federal census
11 block group or block groups in the area.

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

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

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

27 (ii) Within a seven-year period starting when a change in ownership
28 and control as defined in subdivision (3) of section 3 of this act
29 occurs, hires five hundred or more new employees. Upon reaching the five
30 hundred or more new employees threshold, the increased tax credit
31 percentages shall apply to all years within the performance period

1 ~~Remains a benefit corporation as defined in section 21-403 for the~~
2 ~~duration of the taxpayer's agreement under the Imagine Nebraska Act.~~

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

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

9 (b) The credits prescribed in subsection (5) of this section shall
10 also be allowable during the first year of the performance period for
11 investment in qualified property at the qualified location or locations
12 after the date of the complete application and before the beginning of
13 the performance period.

14 (8)(a) Property described in subdivision (8)(c) of this section used
15 at the qualified location or locations, whether purchased or leased, and
16 placed in service by the taxpayer after the date of the complete
17 application, shall constitute separate classes of property and are
18 eligible for exemption under the conditions and for the time periods
19 provided in subdivision (8)(b) of this section.

20 (b) A taxpayer shall receive the exemption of property in
21 subdivision (8)(c) of this section if the taxpayer attains one of the
22 following employment and investment levels: (i) Cumulative investment in
23 qualified property of at least five million dollars and the hiring of at
24 least thirty new employees at the qualified location or locations before
25 the end of the ramp-up period; (ii) cumulative investment in qualified
26 property of at least fifty million dollars at the qualified location or
27 locations before the end of the ramp-up period, provided the average
28 compensation of the taxpayer's employees at the qualified location or
29 locations for the year in which such investment level was attained equals
30 at least one hundred fifty percent of the Nebraska statewide average
31 hourly wage for the year of application and the taxpayer offers to its

1 employees who constitute full-time employees as defined and described in
2 section 4980H of the Internal Revenue Code of 1986, as amended, and the
3 regulations for such section, at the qualified location or locations for
4 the year in which such investment level was attained, the opportunity to
5 enroll in minimum essential coverage under an eligible employer-sponsored
6 plan, as those terms are defined and described in section 5000A of the
7 Internal Revenue Code of 1986, as amended, and the regulations for such
8 section; or (iii) cumulative investment in qualified property of at least
9 two hundred fifty million dollars and the hiring of at least two hundred
10 fifty new employees at the qualified location or locations before the end
11 of the ramp-up period. Such property shall be eligible for the exemption
12 from the first January 1 following the end of the year during which the
13 required levels were exceeded through the ninth December 31 after the
14 first year property included in subdivision (8)(c) of this section
15 qualifies for the exemption, except that for a taxpayer who has filed an
16 application under NAICS code 518210 for Data Processing, Hosting, and
17 Related Services and who files a separate sequential application for the
18 same NAICS code for which the ramp-up period begins with the year
19 immediately after the end of the previous project's performance period or
20 a taxpayer who has a project qualifying under subdivision (1)(b)(ii) of
21 section 77-5725 and who files a separate sequential application for NAICS
22 code 518210 for Data Processing, Hosting, and Related Services for which
23 the ramp-up period begins with the year immediately after the end of the
24 previous project's entitlement period, such property described in
25 subdivision (8)(c)(i) of this section shall be eligible for the exemption
26 from the first January 1 following the placement in service of such
27 property through the ninth December 31 after the year the first claim for
28 exemption is approved.

29 (c) The following personal property used at the qualified location
30 or locations, whether purchased or leased, and placed in service by the
31 taxpayer after the date of the complete application shall constitute

1 separate classes of personal property:

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

5 (ii) Business equipment that is located at a qualified location or
6 locations and that is involved directly in the manufacture or processing
7 of agricultural products, including business equipment used primarily for
8 the capture and compression of carbon dioxide, the manufacturing of
9 liquid fertilizer or any other chemical applied to agricultural crops, or
10 the manufacturing of any liquid additive for a farm vehicle fuel if the
11 taxpayer qualifies under subdivision (8)(b)(i) or (8)(b)(ii) of this
12 section; or

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

15 (d) In order to receive the property tax exemptions allowed by
16 subdivision (8)(c) of this section, the taxpayer shall annually file a
17 claim for exemption with the Tax Commissioner on or before May 1. The
18 form and supporting schedules shall be prescribed by the Tax Commissioner
19 and shall list all property for which exemption is being sought under
20 this section. A separate claim for exemption must be filed for each
21 agreement and each county in which property is claimed to be exempt. A
22 copy of this form must also be filed with the county assessor in each
23 county in which the applicant is requesting exemption. The Tax
24 Commissioner shall determine whether a taxpayer is eligible to obtain
25 exemption for personal property based on the criteria for exemption and
26 the eligibility of each item listed for exemption and, on or before
27 August 1, certify such determination to the taxpayer and to the affected
28 county assessor.

29 (9) The taxpayer shall, on or before the receipt or use of any
30 incentives under this section, pay to the director a fee of one-half
31 percent of such incentives, except for the exemption on personal

1 property, for administering the ImagineNE Nebraska Act, except that the fee
2 on any sales tax exemption may be paid by the taxpayer with the filing of
3 its sales and use tax return. Such fee may be paid by direct payment to
4 the director or through withholding of available refunds. A credit shall
5 be allowed against such fee for the amount of the fee paid with the
6 application. All fees collected under this subsection shall be remitted
7 to the State Treasurer for credit to the ImagineNE Nebraska Cash Fund,
8 which fund is hereby created. The fund shall consist of fees credited
9 under this subsection and any other money appropriated to the fund by the
10 Legislature. The fund shall be administered by the Department of Economic
11 Development and shall be used for administration of the ImagineNE Nebraska
12 Act. Any money in the fund available for investment shall be invested by
13 the state investment officer pursuant to the Nebraska Capital Expansion
14 Act and the Nebraska State Funds Investment Act.

15 **Sec. 21.** Section 77-6832, Revised Statutes Cumulative Supplement,
16 2024, is amended to read:

17 77-6832 (1)(a) The credits prescribed in section 77-6831 for a year
18 shall be established by filing the forms required by the Tax Commissioner
19 with the income tax return for the taxable year which includes the end of
20 the year the credits were earned. The credits may be used and shall be
21 applied in the order in which they were first allowable under the ImagineNE
22 Nebraska Act. To the extent the taxpayer has credits under the Nebraska
23 Advantage Act or the Employment and Investment Growth Act still available
24 for use in a year or years which overlap the performance period or
25 carryover period of the ImagineNE Nebraska Act, the credits may be used and
26 shall be applied in the order in which they were first allowable, and
27 when there are credits of the same age, the older tax incentive program's
28 credits shall be applied first. The credits may be used after any other
29 nonrefundable credits to reduce the taxpayer's income tax liability
30 imposed by sections 77-2714 to 77-27,135. Credits may be used beginning
31 with the taxable year which includes December 31 of the year the required

1 minimum levels were reached. The last year for which credits may be used
2 is the taxable year which includes December 31 of the last year of the
3 carryover period. Any decision on how part of the credit is applied shall
4 not limit how the remaining credit could be applied under this section.

5 (b) The taxpayer may use the credit provided in subsection (4) of
6 section 77-6831 (i) to reduce the taxpayer's income tax withholding
7 employer or payor tax liability under section 77-2756 or 77-2757, to the
8 extent such liability is attributable to the number of new employees
9 employed at the qualified location or locations, excluding any wages in
10 excess of one million dollars paid to any one employee during the year or
11 (ii) to reduce a qualified employee leasing company's income tax
12 withholding employer or payor tax liability under section 77-2756 or
13 77-2757, when the taxpayer is the client-lessee of such company, to the
14 extent such liability is attributable to the number of new employees
15 performing services for such client-lessee at the qualified location or
16 locations, excluding any wages in excess of one million dollars paid to
17 any one employee during the year. To the extent of the credit used, such
18 withholding shall not constitute public funds or state tax revenue and
19 shall not constitute a trust fund or be owned by the state. The use by
20 the taxpayer or the qualified employee leasing company of the credit
21 shall not change the amount that otherwise would be reported by the
22 taxpayer, or such qualified employee leasing company, to the employee
23 under section 77-2754 as income tax withheld and shall not reduce the
24 amount that otherwise would be allowed by the state as a refundable
25 credit on an employee's income tax return as income tax withheld under
26 section 77-2755. The amount of credits used against income tax
27 withholding shall not exceed the withholding attributable to the number
28 of new employees employed at the qualified location or locations or, for
29 a qualified employee leasing company, the number of new employees
30 performing services for the applicable client-lessee at the qualified
31 location or locations, excluding any wages in excess of one million

1 dollars paid to any one employee during the year. If the amount of credit
2 used by the taxpayer or the qualified employee leasing company against
3 income tax withholding exceeds such amount, the excess withholding shall
4 be returned to the Department of Revenue in the manner provided in
5 section 77-2756, such excess amount returned shall be considered unused,
6 and the amount of unused credits may be used as otherwise permitted in
7 this section or shall carry over to the extent authorized in subdivision
8 (1)(g) of this section.

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

14 (d) The credits provided in subsections (4) and (5) of section
15 77-6831 may be used to repay a loan for job training or infrastructure
16 development as provided in section 77-6841.

17 (e) Credits may be used to obtain a payment from the state equal to
18 the amount which the taxpayer demonstrates to the director was paid by
19 the taxpayer after the date of the complete application for job training
20 and talent recruitment of employees who qualify in the number of new
21 employees, to the extent that proceeds from a loan described in section
22 77-6841 were not used to make such payments. For purposes of this
23 subdivision:

24 (i) Job training means training for a prospective or new employee
25 that is provided after the date of the complete application by a Nebraska
26 nonprofit college or university, a Nebraska public or private secondary
27 school, a Nebraska educational service unit, or a company that is not a
28 member of the taxpayer's unitary group or a related person to the
29 taxpayer; and

30 (ii) Talent recruitment means talent recruitment activities that
31 result in a newly recruited employee who is hired by the taxpayer after

1 the date of the complete application and who is paid compensation during
2 the year of hire at a rate equal to at least one hundred percent of the
3 Nebraska statewide average hourly wage for the year of application,
4 including marketing, relocation expenses, and search-firm fees. Talent
5 recruitment payments that may be reimbursed include, without limitation,
6 payment by the taxpayer, without repayment by the employee, of an
7 employee's student loans, an employee's tuition, and an employee's
8 downpayment on a primary residence in Nebraska. Talent recruitment
9 payments that may be reimbursed shall not include payments for the
10 recruitment of a person who constitutes a related person to the taxpayer
11 when the taxpayer is an individual or recruitment of a person who
12 constitutes a related person to an owner of the taxpayer when the
13 taxpayer is a partnership, a limited liability company, or a subchapter S
14 corporation.

15 (f) The credits provided in subsections (4) and (5) of section
16 77-6831 may be used to obtain a payment from the state equal to the
17 amount which the taxpayer demonstrates to the director was paid for
18 ~~taxpayer-sponsored dependent child care costs incurred by employees at~~
19 ~~the qualified location or locations during the performance period and the~~
20 ~~carryover period. Taxpayers may pay up to fifty percent of dependent~~
21 child care costs incurred by employees using such credit.

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

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

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

30 (c) Refund claims for materials purchased by a purchasing agent
31 shall include:

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

2 (ii) The contract price; and

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

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

14 (d) All refund claims shall be filed, processed, and allowed as any
15 other claim under section 77-2708, except that the amounts allowed to be
16 refunded under the Imagine Nebraska Act shall be deemed to be
17 overpayments and shall be refunded notwithstanding any limitation in
18 subdivision (2)(a) of section 77-2708. The refund may be allowed if the
19 claim is filed within three years from the end of the year the required
20 levels of employment and investment are met or within the period set
21 forth in section 77-2708. Refunds shall be paid by the Tax Commissioner
22 within one hundred eighty days after receipt of the refund claim. Such
23 payments shall be subject to later recovery by the Tax Commissioner upon
24 audit.

25 (e) If a claim for a refund of sales and use taxes under the Local
26 Option Revenue Act, the Qualified Judgment Payment Act, or sections
27 13-319, 13-324, and 13-2813 of more than twenty-five thousand dollars is
28 filed by June 15 of a given year, the refund shall be made on or after
29 November 15 of the same year. If such a claim is filed on or after June
30 16 of a given year, the refund shall not be made until on or after
31 November 15 of the following year. The Tax Commissioner shall notify the

1 affected city, village, county, or municipal county of the amount of
2 refund claims of sales and use taxes under the Local Option Revenue Act,
3 the Qualified Judgment Payment Act, or sections 13-319, 13-324, and
4 13-2813 that are in excess of twenty-five thousand dollars on or before
5 July 1 of the year before the claims will be paid under this section.

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

9 (g) Interest shall not be allowed on any taxes refunded under the
10 Imagine Nebraska Act.

11 (3) The appointment of purchasing agents shall be recognized for the
12 purpose of changing the status of a contractor or repairperson as the
13 ultimate consumer of tangible personal property purchased after the date
14 of the appointment which is physically incorporated into or annexed at a
15 qualified location and becomes the property of the owner of the
16 improvement to real estate or the taxpayer. The purchasing agent shall be
17 jointly liable for the payment of the sales and use tax on the purchases
18 with the owner of the property.

19 (4) The determination of whether the application is complete,
20 whether a location is a qualified location, and whether to approve the
21 application and sign the agreement shall be made by the director. All
22 other interpretations of the Imagine Nebraska Act shall be made by the
23 Tax Commissioner. The Commissioner of Labor shall provide the director
24 with such information as the Department of Labor regularly receives with
25 respect to the taxpayer which the director requests from the Commissioner
26 of Labor in order to fulfill the director's duties under the act. The
27 director shall use such information to achieve efficiency in the
28 administration of the act.

29 (5) Once the director and the taxpayer have signed the agreement
30 under section 77-6828, the taxpayer, and its owners or members where
31 applicable, may report and claim and shall receive all incentives allowed

1 by the Imagine Nebraska Act, subject to the base authority limitations
2 provided in section 77-6839, without waiting for a determination by the
3 director or the Tax Commissioner or other taxing authority that the
4 taxpayer has met the required employment and investment levels or
5 otherwise qualifies, has qualified, or continues to qualify for such
6 incentives, provided that the tax return or claim has been signed by an
7 owner, member, manager, or officer of the taxpayer who declares under
8 penalties of perjury that he or she has examined the tax return or claim,
9 including accompanying schedules and statements, and to the best of his
10 or her knowledge and belief (a) the tax return or claim is correct and
11 complete in all material respects, (b) payment of the claim has not been
12 previously made by the state to the taxpayer, and (c) with respect to
13 sales or use tax refund claims, the taxpayer has not claimed or received
14 a refund of such tax from a retailer. The payment or allowance of such a
15 claim shall not prevent the director or the Tax Commissioner or other
16 taxing authority from recovering such payment, exemption, or allowance,
17 within the normal period provided by law, subject to normal appeal rights
18 of a taxpayer, if the director or Tax Commissioner or other taxing
19 authority determines upon review or audit that the taxpayer did not
20 qualify for such incentive or exemption.

21 (6) An audit of employment and investment thresholds and incentive
22 amounts shall be made by the Tax Commissioner to the extent and in the
23 manner determined by the Tax Commissioner. Upon request by the director
24 or the Tax Commissioner, the Commissioner of Labor shall report to the
25 director and the Tax Commissioner the employment data regularly reported
26 to the Department of Labor relating to number of employees and wages paid
27 for each taxpayer. The director and Tax Commissioner, to the extent they
28 determine appropriate, shall use such information to achieve efficiency
29 in the administration of the Imagine Nebraska Act. The Tax Commissioner
30 may recover any refund or part thereof which is erroneously made and any
31 credit or part thereof which is erroneously allowed by issuing a

1 deficiency determination within three years from the date of refund or
2 credit or within the period otherwise allowed for issuing a deficiency
3 determination, whichever expires later. The director shall not enter into
4 an agreement with any taxpayer unless the taxpayer agrees to
5 electronically verify the work eligibility status of all newly hired
6 employees employed in Nebraska within ninety days after the date of hire.
7 For purposes of calculating any tax incentive under the act, the hours
8 worked and compensation paid to an employee who has not been
9 electronically verified or who is not eligible to work in Nebraska shall
10 be excluded.

11 (7) A determination by the director that a location is not a
12 qualified location or a determination by the Tax Commissioner that a
13 taxpayer has failed to meet or maintain the required levels of employment
14 or investment for incentives, exemptions, or recapture, or does not
15 otherwise qualify for incentives or exemptions, may be protested by the
16 taxpayer to the Tax Commissioner within sixty days after the mailing to
17 the taxpayer of the written notice of the proposed determination by the
18 director or the Tax Commissioner, as applicable. If the notice of
19 proposed determination is not protested in writing by the taxpayer within
20 the sixty-day period, the proposed determination is a final
21 determination. If the notice is protested, the Tax Commissioner, after a
22 formal hearing by the Tax Commissioner or by an independent hearing
23 officer appointed by the Tax Commissioner, if requested by the taxpayer
24 in such protest, shall issue a written order resolving such protest. The
25 written order of the Tax Commissioner resolving a protest may be appealed
26 to the district court of Lancaster County in accordance with the
27 Administrative Procedure Act within thirty days after the issuance of the
28 order.

29 **Sec. 22.** The changes made in sections 77-6815 and 77-6831 by this
30 legislative bill apply to all applications filed on and after the
31 operative date of this section. For all applications filed prior to such

1 date, the provisions of such sections as they existed immediately prior
2 to such date apply. The changes made in section 77-6832 by this
3 legislative bill apply to all applications filed before, on, or after the
4 operative date of this section.

5 **Sec. 23.** Section 81-12,144, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 81-12,144 Sections 81-12,144 to 81-12,151 and section 24 of this act
8 shall be known and may be cited as the Site and Building Development Act.

9 **Sec. 24.** For purposes of the Site and Building Development Act,
10 employer has the same meaning as in subdivision (6) of section 3 of this
11 act.

12 **Sec. 25.** Section 81-12,147, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 81-12,147 (1) Except as provided in subsection (2) of this section,
15 the Department of Economic Development shall use the Site and Building
16 Development Fund to finance loans, grants, subsidies, credit
17 enhancements, and other financial assistance for industrial site and
18 building development and for expenses of the department as appropriated
19 by the Legislature for administering the fund. The following activities
20 are eligible for assistance from the fund:

21 (a) Grants or zero-interest loans to villages, cities, or counties
22 to acquire land, infuse infrastructure, or otherwise make large sites and
23 buildings ready for industrial development;

24 (b) Matching funds for new construction, rehabilitation, or
25 acquisition of land and buildings to assist villages, cities, and
26 counties;

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

30 (d) Loan guarantees for eligible projects;

31 (e) Projects making industrial-ready sites and buildings more

1 accessible to business and industry;

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

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

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

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

16 (j) A grant of two million dollars to a city of the first class
17 located in the third congressional district if the property previously
18 housed a university or college that is no longer extant and if the
19 improvement and revitalization of the real property is for purposes of
20 supporting the housing, employment, and program needs of youth exiting
21 the foster care system. In addition, the real property may be used for
22 youth exiting juvenile court supervision in an out-of-home placement;

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

28 (l) Identification, evaluation, and development of large commercial
29 and industrial sites and building infrastructure to attract major
30 investment and employment opportunities for advanced manufacturing,
31 processing, trade, technology, aerospace, automotive, clean energy, life

1 science, and other transformational industries in Nebraska by means of
2 the department providing grants to or partnering with political
3 subdivisions, including inland port authorities under the Municipal
4 Inland Port Authority Act, or nonprofit economic development corporations
5 and entering into contracts for consulting, engineering, and development
6 studies to identify, evaluate, and develop large commercial and
7 industrial sites in Nebraska; -

8 (m) For fiscal years 2027-28 and 2028-29, grants to employers to
9 support capital improvements related to site and building development
10 relating to the retention and recruitment of employees following a change
11 in ownership and control as defined in subdivision (3) of section 3 of
12 this act. Any such grant shall be made at a rate of five dollars per
13 square foot of capital improvements related to site and building
14 development. The Department of Economic Development shall not award total
15 grants exceeding two million five hundred thousand dollars in any fiscal
16 year. Grants awarded under this subdivision may be used for capital
17 improvements made during the twenty-four months prior to the change in
18 ownership and control as defined in subdivision (3) of section 3 of this
19 act through the end of the fiscal year in which the grant was received.
20 For purposes of these grants, capital improvements include, but are not
21 limited to, any spending on tangible personal property or services to
22 build, repair, renovate, rehabilitate, restore, modify, improve, or
23 replace any infrastructure, building system, fixture, furnishing,
24 equipment, technology, and site and land improvements in this state; and

25 (n) For fiscal years 2026-27 and 2027-28, grants or zero-interest
26 loans to cities of the first class to acquire land, infuse
27 infrastructure, or otherwise make large sites and buildings ready for
28 industrial development if such city (i) has a population of less than
29 fifty thousand inhabitants and (ii) has been impacted by a sudden and
30 significant private-sector entity closure or downsizing. The Department
31 of Economic Development shall not award grants and loans exceeding a

1 total of two million five hundred thousand dollars in any fiscal year.

2 (2) The Department of Economic Development shall use the subaccount
3 of the Site and Building Development Fund described in subsection (2) of
4 section 81-12,146 to provide financial assistance to any inland port
5 authority created under the Municipal Inland Port Authority Act to help
6 finance large shovel-ready commercial and industrial sites developed
7 under such act.

8 **Sec. 26.** Section 81-12,148, Reissue Revised Statutes of Nebraska, is
9 amended to read:

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

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

31 (3) An applicant for a grant for development under subdivision (1)

1 (k) of section 81-12,147 is not required to meet the matching fund
2 requirements pursuant to this section but shall provide the Director of
3 Economic Development a letter from the United States Department of
4 Defense or contractor providing upgrades to ground-based nuclear
5 deterrence that infrastructure improvements, including the construction
6 of electrical, drinking water, and clean water infrastructure, will not
7 be included in the scope of the project. No grants shall be awarded or
8 funds expended until such letter is received.

9 (4) This section does not apply to any inland port authority
10 receiving assistance under subsection (2) of section 81-12,147, an
11 employer receiving assistance under subdivision (1)(m) of section
12 81-12,147, or a city receiving assistance under subdivision (1)(n) of
13 section 81-12,147.

14 **Sec. 27.** Section 81-12,149, Reissue Revised Statutes of Nebraska, is
15 amended to read:

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

1 used to determine priorities of the fund for activities pursuant to
2 subdivisions (1)(a) through (g) of section 81-12,147 which are
3 appropriate to local conditions, including the community's immediate need
4 for site and building development, proposed increases in jobs and
5 investment, private dollars leveraged, level of local government support
6 and participation, and repayment, in part or in whole, of financial
7 assistance awarded by the fund. The Director of Economic Development
8 shall submit the plan to the Governor for approval.

9 (2) The department shall fund in order of priority as many
10 applications for activities pursuant to subdivisions (1)(a) through (g)
11 of section 81-12,147 as will utilize available money in the Site and
12 Building Development Fund less actual administrative costs of the
13 department in administering the fund and less any funds specifically
14 committed to (a) an employer site and building development grant pursuant
15 to subdivision (1)(m) of section 81-12,147 or (b) a city grant or loan
16 pursuant to subdivision (1)(n) of section 81-12,147. In administering the
17 fund, the department may contract for services or directly provide money
18 to other governmental entities or instrumentalities.

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

21 **Sec. 28.** (1) The Department of Labor shall establish a grant
22 program to provide additional support for the implementation of workforce
23 retention or workforce attraction plans. Grants shall be made available
24 to economic development organizations that assist employers experiencing
25 a change in ownership and control as defined in subdivision (3) of
26 section 3 of this act. The total amount of grant funds awarded pursuant
27 to this subsection shall not exceed three hundred thousand dollars. For
28 purposes of this section, employer has the same meaning as in subdivision
29 (6) of section 3 of this act.

30 (2) The grants awarded pursuant to subsection (1) of this section
31 must be made within the ten-year period immediately following the change

1 in ownership and control as defined in subdivision (3) of section 3 of
2 this act.

3 (3) Prior to the award of a grant pursuant to subsection (1) of this
4 section, the economic development organization must apply to the
5 department for a grant. Grants will only be awarded to an economic
6 development organization if such economic development organization
7 submits to the department a retention and relocation plan application.
8 Such application shall include:

9 (a) The name of the applicant and a contact person for such
10 application;

11 (b) Information regarding the applicant's qualification as an
12 economic development organization supporting an employer experiencing a
13 change in ownership and control as defined in subdivision (3) of section
14 3 of this act;

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

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

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

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

28 **Sec. 29.** Sections 13, 15, 16, and 32 of this act become operative
29 three calendar months after the adjournment of this legislative session.
30 The other sections of this act become operative on their effective date.

31 **Sec. 30.** If any section in this act or any part of any section is

1 declared invalid or unconstitutional, the declaration shall not affect
2 the validity or constitutionality of the remaining portions.

3 **Sec. 31.** Original sections 49-801.01, 81-12,144, 81-12,147,
4 81-12,148, and 81-12,149, Reissue Revised Statutes of Nebraska, sections
5 77-6801, 77-6815, and 77-6832, Revised Statutes Cumulative Supplement,
6 2024, and sections 77-6538 and 77-6831, Revised Statutes Supplement,
7 2025, are repealed.

8 **Sec. 32.** Original sections 77-5723 and 77-5735, Revised Statutes
9 Cumulative Supplement, 2024, and section 13-2603, Revised Statutes
10 Supplement, 2025, are repealed.

11 **Sec. 33.** Since an emergency exists, this act takes effect when
12 passed and approved according to law.