PREPARED BY: Clinton Verner
DATE PREPARED: May 15, 2025
PHONE: 402-471-0056

LB 707

Revision: 01

Revised for AM1336

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

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

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	$164,210	$1,814,000	$50,800	$1,968,000
CASH FUNDS		$73,000		$80,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	$164,210	$1,887,000	$50,800	$2,048,000

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

LB707 as amended by AM1336 strikes the original contents of LB707 and replaces it with the following:

- Amends the sales tax rate to be 5.5% statewide beginning July 1, 2025;
- Makes the following amendments to the Good Life Transformational Projects Act:
  - Creates definitions for:
    - Controlling property rights with respect to a Good Life District (GLD);
    - Enhanced employment area good life district retailer;
    - Good life district applicant;
    - Good life district retailer;
    - New business;
    - New development costs;
      - Clarifies what is not to be considered a new development cost;
    - Project area applicant;
    - Related persons;
  - Requires demonstration that the project will meet the following minimum number of square feet of taxable retail options:
    - One million square feet for a project located in a city of the metropolitan class;
    - Seven hundred fifty thousand square feet in a city of the primary class;
    - Five hundred thousand square feet if the project will be located in a city of the first class, city of the second class, or village within a county of a population of one hundred thousand or more;
    - One hundred thousand square feet if the project will be located in a city of the first class, city of the second class, village, or sanitary improvement district within a county of a population of less than one hundred thousand inhabitants;
  - Requires that at least 25% of the taxable retail options must be from a business that was not legally licensed, operating, or located within the good life district or within 40 miles of the good life district during the 365 days preceding the creation of the district;
  - Beginning on the effective date of this act, before an application may be approved, the good life district applicant shall submit a report to the Department of Economic Development (DED) and any city or village that will include the good life district, enumerates the report requirements;
  - Clarifies that a good life district is to be contiguous and that any application approved after the effective date of this act must have a map approved by DED;
  - On and after July 1, 2025, sets the sales tax rate within a good life district within a city of the metropolitan class to be half the state sales tax rate;
  - Allows for a city or village in which all or a portion of a GLD is located to request an adjustment to the boundaries of the GLD;
  - Allows for adjustments to boundaries under the following conditions:
    - Determination that the eligibility criteria of the act will still be met after the proposed boundary adjustment based upon material submitted by the party requesting the adjustment;
    - The adjustment is mutually agreed upon by the GLD applicant and the city or village in which all or a portion of the GLD is located;

        - Requires new property to be added to the GLD boundary to be owned by the party requesting the boundary adjustment or submit a waiver, enumerates the waiver's contents;
    - Restricts DED from removing an approved project area from a GLD;
    - Restricts GLD applicants which are political subdivisions from being exempt from the sales tax as provided in sec. 77-2704.15 on building material purchases for a new business that will or is intended to offer taxable sales in the GLD;
    - Requires an annual report by GLD applicants to DED to be submitted by 12/31 on each year, enumerates the report contents;
    - Allows for up to six project areas established in the GLD for an establishment of a GLD in a city of the first class, city of the second class, or village in a county with a population of one hundred thousand inhabitants or more;
    - Any GLD applicant who does not have controlling property rights over the entirety of the property in the GLD may submit an application to DED to designate a portion of the GLD as a project area, enumerates the application's requirements;
    - Places requirements on DED to approve such project area;
    - Upon approval of this application, requires a memorandum of understanding between DED, the project area applicant, and the city or village that includes any part of the applicable GLD, places requirements of the memorandum of understanding;
    - Creates restrictions on DED approving any other person's or entity's project area applications;
    - Requires DED to adopt and promulgate rules and regulations or publishing guidelines regarding the process and timeline for approving project areas;
    - Allows for termination of a GLD if the GLD economic development district has not been established within three years of the establishment of the GLD within the city or village in which the GLD was established, excepting if a city or village was the GLD applicant;
    - Allows other termination provisions and recapture of funds for terminated districts by DED;
    - Requires that not more than 20% of eligible costs paid form the program and paid from the revenues allocated to any one project will be for nonrevenue producing costs;
    - Places requirements for any GLD that includes an established project area under the act:
        - Prior to disbursement of any funds requires the project area applicant, city, and DED shall enter into an memorandum of understanding related to development of property and revenue sources, requires a trustee bank to be identified;
        - Restricts funds disbursed for payment or reimbursement of eligible costs, requires evidence prior to disbursement that funds will be used to pay eligible costs, creates processes for developing and financing obligations;
        - Restricts the use of eminent domain for the Good Life District Economic Development Act;
    - Allows for a city to establish a general business occupation tax as a local source of revenue, caps the tax at 3%;
    - Allocates the state sales tax described in subsection (b) o this subsection to the city in which all or a portion of the GLD is located, states such sales tax shall be known as allocated sales taxes and shall constitute a local source of revenue for the city's GLD economic development program;
    - Provides the following allotment of the state sales tax:
        - 50% of the taxes collected in the portion of the GLD located within the boundaries of the city by a GLD applicant or GLD retailer that was not operating in the GLD when the GLD was established or boundaries were expanded;
        - 50% of the state sales taxes collected in the portion of the GLD located within the boundaries of the city by a GLD applicant or GLD retailer that was operating in the GLD when the GLD was established or the boundaries were expanded, not to exceed an aggregate of $5,000,000 per year;
        - 50% of the state sales taxes paid by a GLD applicant or GLD retailer on building material purchases for a new business, as defined in sec. 77-4403 that is located in the GLD;
        - Creates exceptions, details remittance of the state sales tax, creates a report by the Tax Commissioner and details the reporting requirements; and
    - Allows for a city to designate, by ordinance, a portion of the city's local option and sales tax established pursuant to 77-27,142 as a local source of revenue. The portion is to come only from amounts collected on transactions occurring within the GLD program area;
- Declares an emergency.

The Department of Economic Development estimates that this legislation can be accomplished with current resources. No basis to disagree. No basis to disagree with Department of Revenue's estimates for administrative costs and revenue gained resulting from this legislation.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 707 AM: 1336	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang	DATE: 5/16/2025	PHONE: (402) 471-4178
COMMENTS: Concur with the Department of Revenue assessment of fiscal impact from LB 707, AM 1336.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 707	AM: 1336	AGENCY/POLT. SUB: Department of Economic Development (DED)
REVIEWED BY: Ryan Yang	DATE: 5/15/2025	PHONE: (402) 471-4178
COMMENTS: Concur with the DED assessment of no fiscal impact from LB 707.		

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

LB(1) 707 AM1336 **FISCAL NOTE**

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

Prepared by: (3) Dave Dearmont **Date Prepared:** (4) 5/15/25 **Phone:** (5) (402) 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Explanation of Estimate:

LB707 as amended by AM1336 would amend provisions of the Good Life Transformational Projects Act (GLDTPA) and the Good Life District Economic Development Act (GLDEDA). The bill as amended would modify eligibility requirements by adding a minimum square footage of taxable retail space and imposes a 25% “new business” threshold. This new requirement would apply to all applications approved prior to, on, or after the effective date of the Act. In addition, the bill would require that any map setting good life district boundaries be approved by DED, and any additions to a good life district area must be contiguous.

As amended by AM1336, the bill would also change sales tax provisions of the GLDTPA and GLDEDA. The 50% reduction of the state sales tax rate on transactions within Good Life Districts would end on 7/1/25 and revert to the 5.5% rate, except for transactions by an “Enhanced Employment Area Good Life District Retailer” that occur within an approved district and the corporate limits of a metropolitan city – which would remain taxed at 2.75%.

The bill would amend the GLDTPA to provide that the department “may” approve requests submitted by the applicant or the city to increase the GLD area provided that the eligibility requirements will continue to be met, that the party requesting owns the property or has an acknowledgement and waiver from the owner, and for any property being removed that (1) the revenues are not committed or pledged to service financing and (2) the owner consents or a hearing is held and the department finds that it is in the best interest of the state and consistent with the goals and purposes of the application.

As amended, the bill would impose an administrative duty upon the department to provide a copy of the approved map, a list of all known GLD Retailers and Enhanced Employment Area Good Life District Retailers, and any ownership updates to the Department of Revenue. The bill also would eliminate the involvement of the department in development and design standards, moving those responsibilities to the city. In addition, each applicant would be required to submit an annual report to the department and city which includes information and evidence showing the project is “financially viable,” that the applicant has land ownership within the district, and disclosing the applicant’s ownership interest in any pre-existing retail within the district.

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

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

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

LB 707 AM 1336 Fiscal Note 2025

State Agency Estimate

State Agency Name: Department of Revenue			Date Due LFO:	
Approved by: James R. Kamm	Date Prepared:	05/15/2025	Phone: 471-5896	

	FY 2025-2026		FY 2026-2027		FY 2027-2028	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	$164,210	$ 1,814,000	$50,800	$ 1,968,000	$50,800	$ 696,000
Cash Funds		$ 73,000		$ 80,000		$ 28,000
Federal Funds						
Other Funds		$ 13,000		$ 14,000		$ 5,000
Total Funds	$164,210	$ 1,900,000	$50,800	$ 2,062,000	$50,800	$ 729,000

AM 1336 to LB 707 strikes the original sections and inserts new language. The amendments pertain to the state sales tax rate and the Good Life Transformational Projects Act.

Sections 1 and 6 return the state sales tax rate to one rate, set at the current rate of five and one-half percent as of July 1, 2025. Section 77-2701.02. In place of the lower rate the Department of Revenue will now allocate a portion of the sales tax collected in the GLD to the host city economic development program.

Section 2. Adds definitions to the Good Life Transformational Projects Act. Requires the GLD applicant or new project area applicant to have controlling property rights over the real estate in the GLD or project area, allows other property to be included in the GLD if those owner consent to having their property included in the GLD. Defines enhanced employment area GLD retailer as a GLD retailer within a GLD that is in a city of the metropolitan class which has an occupation tax in the GLD. Defines a GLD applicant and retailer. Sets a definition of new business as a business that is new to the GLD and was not previously located within forty miles of the GLD. Defines new development costs related to a new business that include improvement to real property, new construction, infrastructure improvements and acquisition of personal property located and used in the GLD. The value of new business investment only includes ten percent of residential property for purposes of meeting eligibility requirements under section 77-4405. New development costs will not include entities that are exempt from income, sales and use tax, except a city can qualify if that city is liable for sales and use tax pursuant to 77-4405(12). Creates a project area within a GLD that may be approved by DED.

Section 3. Adds the term good life district applicant to section 77-4404.

Section 4. Amends 77-4405 to require the GLD applicant to demonstrate that the GLD will develop minimum square footage of taxable retail options based on the size of the host city. Requires at least twenty-five percent of taxable retail operations from new businesses. This applies to application approved after adoption of this act. Applicants must submit a report to DED and the host city that demonstrates the applicant has sufficient financing

Major Objects of Expenditure

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

for the GLD and that the project is financially viable. Must show that the GLD applicant has land ownership in the GLD or an option to purchase land within the GLD. Requires that the GLD and any additions be contiguous. Adds additional requirements to any adjustment to a GLD. The change must be mutually agreed by the applicant and host city, applicant is required to own the additional land or include a waiver from the owner of the property. Additions must be requested within twenty-four months of the approval of the GLD. Prohibits DED from removing an approved project area from a GLD. DED must send a copy of the GLD map and a list of all GLD retailers to the DOR. Changes approval of design standards in the GLD from DED to the host city.

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

GLD applicants must submit an annual report to DED and the host city by December 31st. The report will include the same information now required from a GLD applicant apply to create a GLD.

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

Allow retailers in an enhanced employment area who have opted to be GLD retailers to charge fifty percent of the state sales tax rate on purchases made within the GLD.

Section 5. Amends section 4406 to allow DED to terminate a GLD if the host city has not established a GLD economic development program within three years after establishing the GLD, unless the city is the GLD applicant. When evaluating to terminate a GLD, DED will accept evidence of investment commitments from any source if it relates to any portion of the project. Evidence of certification form the host city that represents commitments for investment from submitted by a city shall be conclusive. The city or applicant may request a GLD terminated prior to the establishment of a GLD economic development program. Any termination will require recapture of any unencumbered amounts from a GLD economic development fund.

Section 6. Amends 77-4410. Defines allocated sales tax as state sales tax allocated by the Tax Commissioner to the GLD host city. Expands eligible costs to include costs related to public right-of-way, streets, trash service, landscaping, and new technology. Defines nonrevenue producing costs.

Section 7. Amends 77-4412. Limits expenditure of eligible funds to no more than twenty percent for nonrevenue producing costs. Sets rules for disbursement of funds from a GLD economic development program to a project area applicant. The trustee may only disburse funds for payment or reimbursement of eligible costs pursuant to a MOU. DED may promulgate regulation on the MOU. Clarifies that that eminent domain may not be used to acquire property within a GLD for the purpose of giving or selling property to a private individual or corporation.

Section 8. Amends 77-4413. Removes the option of a city to impose a second local option sales tax within a GLD. The host city may impose a general business occupation tax of up to three percent within the GLD. Provides the Tax Commissioner will allocate state sales tax to the host city upon establishment of a GLD economic development program and the allocated sales tax will constitute a local source of revenue for the GLD economic development program.

The following state sales tax will be allocated: fifty percent from sales tax collected within the GLD by GLD retailers and applicants from new businesses; fifty percent, up to five million in aggregated, from sales tax collected within the GLD by GLD retailers and applicants from businesses previously existing; and fifty percent of the state sales tax paid by a GLD applicant or GLD retailer on building material purchases for a new business. Allocated sales tax does not include sales tax collected from EEA GLD retailers or applicants. The Tax Commissioner shall provide a detailed monthly report to the host city relating to the amounts collected and remitted from GLD retailers and applicants. The details, other than the aggregate total, shall remain confidential.

Section 9. Amends 77-4414 to permit certain funds to be remitted to the general fund and host city upon termination of a GLD.

Sec. 10. Original sections 77-2701.02, 77-4403, 77-4404, 77-4405, 77-4406, 77-4410, 77-4412, 77-4413, and 77-4414, Revised Statutes Cumulative Supplement, 2024, are repealed.

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

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

It is estimated that LB 707 AM 1336 will have the following impact:

Fiscal Year	General Fund Revenues	Highway Trust Fund	Highway Allocation Fund (Cities and Counties)
FY25-26	$ 1,814,000	$ 73,000	$ 13,000
FY26-27	$ 1,968,000	$ 80,000	$ 14,000
FY27-28	$ 696,000	$ 28,000	$ 5,000
FY28-29	$ 860,000	$ 35,000	$ 6,000

LB 707 AM 1336 will require a one-time programming charge of $110,010 paid to the OCIO to update the sales and use tax processing system. Also, changes to the sales and use tax application and ongoing maintenance will require .5 FTE at the Business Systems Analyst/Coordinator level.

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