

LEGISLATIVE BILL 707

Approved by the Governor June 4, 2025

Introduced by von Gillern, 4.

A BILL FOR AN ACT relating to revenue and taxation; to amend sections 77-2701.02, 77-4401, 77-4403, 77-4404, 77-4405, 77-4406, 77-4408, 77-4410, 77-4412, 77-4413, and 77-4414, Revised Statutes Cumulative Supplement, 2024; to change provisions relating to the sales tax rate, the Good Life Transformational Projects Act, and the Good Life District Economic Development Act; to define and redefine terms; to harmonize provisions; to provide severability; to repeal the original sections; and to declare an emergency.

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

Section 1. Section 77-2701.02, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-2701.02 Pursuant to section 77-2715.01:

(1) Until July 1, 1998, the rate of the sales tax levied pursuant to section 77-2703 shall be five percent;

(2) Commencing July 1, 1998, and until July 1, 1999, the rate of the sales tax levied pursuant to section 77-2703 shall be four and one-half percent;

(3) Commencing July 1, 1999, and until the start of the first calendar quarter after July 20, 2002, the rate of the sales tax levied pursuant to section 77-2703 shall be five percent;

(4) Commencing on the start of the first calendar quarter after July 20, 2002, and until July 1, 2023, the rate of the sales tax levied pursuant to section 77-2703 shall be five and one-half percent;

(5) Commencing July 1, 2023, and until July 1, 2024, the rate of the sales tax levied pursuant to section 77-2703 shall be five and one-half percent, except that such rate shall be two and three-quarters percent on transactions occurring within a good life district as defined in section 77-4403; and

(6) Commencing July 1, 2024, and until October 1, 2025, the rate of the sales tax levied pursuant to section 77-2703 shall be five and one-half percent, except that such rate shall be two and three-quarters percent on transactions that occur within that portion of a good life district established pursuant to the Good Life Transformational Projects Act which is located within the corporate limits of a city or village; and -

(7) Commencing October 1, 2025, the rate of the sales tax levied pursuant to section 77-2703 shall be five and one-half percent.

Sec. 2. Section 77-4401, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4401 Sections 77-4401 to 77-4407 and section 7 of this act shall be known and may be cited as the Good Life Transformational Projects Act.

Sec. 3. Section 77-4403, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4403 For purposes of the Good Life Transformational Projects Act:

(1) Additional good life district retailer means a for profit, as described in subdivision (8)(c) of this section, retailer that opens a new location in a good life district, has retail space at the time the good life district was established within the good life district or within forty miles of the district, and maintains the new location within the good life district plus all locations existing at the time the good life district was established within the good life district or within forty miles of the district for three years from the date when the additional good life district retailer first located within the good life district. If the number of locations within the good life district or within forty miles of the district falls below the number required to be an additional good life district retailer but is at least equal to the number that existed at the time the good life district was established within three years, such retailer shall qualify as a relocated good life district retailer subject to the restrictions and requirements of subdivision (14) of this section. The term includes a related person;

(2) Controlling property rights means, with respect to real estate in a good life district, the authority of a good life district applicant or project area applicant to manage and control the development of real estate, including through direct ownership or through leasehold rights, joint ventures, purchase contracts, restrictive covenants, or any other similar arrangement. Whenever such property rights do not include direct ownership, the good life district applicant or project area applicant shall not be considered to have controlling property rights unless such applicant has submitted to the department a waiver and acknowledgment from the property owner that (a) the owner consents to his or her property being included in the project area, (b) the owner acknowledges that the applicant or city, as applicable, will have certain rights with respect to how local sources of revenue from the owner's property will be spent or allocated, and (c) the owner is waiving any and all rights with respect to all such revenues for the duration of the good life district and that such waiver will apply to all subsequent owners of the property;

(3) ~~(1)~~ Department means the Department of Economic Development;

(4) Enhanced employment area good life district retailer means (a) a retailer located within an enhanced employment area designated for a city of the metropolitan class under the Community Development Law and within a good life district who has opted to be a good life district retailer and (b) any related person. A tenant of a good life district applicant who has a development agreement with a city of the metropolitan class for occupation tax in an enhanced employment area within a good life district shall be deemed to have opted to be a good life district retailer;

(5) ~~(2)~~ Good life district means a district established pursuant to section 77-4405; and

(6) Good life district applicant means (a) the person who applies for the applicable good life district pursuant to section 77-4404 and (b) any related person;

(7) Good life district retailer means a retailer with taxable sales that is located in a good life district. The term includes a related person;

(8)(a) New business means (i) a new-to-market sales tax collecting business that was not legally licensed and located within the good life district or within forty miles of the good life district prior to the creation of such district and (ii) any related person.

(b) New business does not include the residential portion of any business.

(c)(i) New business does not include the location of any entity that for purposes of the Nebraska Revenue Act of 1967 is either (A) not subject to sales and use taxes or (B) not subject to either an income tax or a franchise tax under sections 77-3801 to 77-3807, except that a location owned by a political subdivision shall be allowed to the extent that the political subdivision is liable for sales taxes pursuant to subsection (12) of section 77-4405.

(ii) For purposes of this subdivision (c):

(A) Political subdivision includes any public corporation created for the benefit of a political subdivision and any group of political subdivisions forming a joint public agency, organized by interlocal agreement, or utilizing any other method of joint action; and

(B) Any partnership that would be liable for an income tax if it were to make an election under subsection (6) of section 77-2727 is subject to an income tax.

(d) The following transactions or activities shall not be considered to have created a new business:

(i) The acquisition of a business that (A) does not qualify as a new business, (B) is continued by the purchaser, and (C) was operated within the good life district during the three hundred sixty-six days prior to the date of acquisition;

(ii) The acquisition of a business that (A) does not qualify as a new business, (B) is continued by the purchaser, and (C) was operated within this state and within forty miles of the good life district during the three hundred sixty-six days prior to the date of acquisition;

(iii) The moving of a business from a location within this state and within forty miles of the good life district into the good life district; or

(iv) Any purchase or lease of property from a related person;

(9)(a) New development costs means development costs that are incurred as part of a project located in a good life district.

(b) The value of the new development costs for any project shall be equal to the construction and improvement costs of real property and the acquisition costs of personal property that are part of such project, including:

(i) Improvements to real property located in the good life district;

(ii) New construction of and additions to existing buildings;

(iii) Construction and acquisition of infrastructure improvements in and related to the good life district; and

(iv) Acquisition of personal property located and used in the good life district.

(c) The following transactions or activities shall not be considered new development costs:

(i) The acquisition of a business that (A) does not qualify as a new business, (B) is continued by the purchaser, and (C) was operated within the good life district during the three hundred sixty-six days prior to the date of acquisition; or

(ii) The acquisition of a business that (A) does not qualify as a new business, (B) is continued by the purchaser, and (C) was operated within this state and within forty miles of the good life district during the three hundred sixty-six days prior to the date of acquisition;

(10) Project area means an area designated as a project within a good life district pursuant to subsection (14) of section 77-4405;

(11) Project area applicant means (a) the person who files an application for a project area designation pursuant to subsection (14) of section 77-4405 and (b) any related person;

(12) ~~(3)~~ Qualified inland port district means an inland port district created pursuant to the Municipal Inland Port Authority Act that is located within a city of the metropolitan class; -

(13) Related persons means any corporations, partnerships, limited liability companies, or joint ventures which are or would otherwise be members of the same unitary group, if incorporated, or any persons who are considered to be related persons under either section 267(b) and (c) or section 707(b) of the Internal Revenue Code of 1986, as amended;

(14) Relocated good life district retailer means (a) a retailer that relocates to a good life district and that has less than one hundred thousand

square feet of retail space at the time the good life district was established for any single location that is outside of the good life district but located within forty miles of the good life district with no location being equal to or greater than one hundred thousand square feet and (b) any related person. After ten years from the date when the relocated good life district retailer first located within the good life district or exceeded one hundred thousand square feet of retail space, such retailer shall no longer qualify as a relocated good life district retailer; and

(15) Viable development means the proposed development is demonstrated to be not inconsistent with the statutory requirements of the good life district where the project is located.

Sec. 4. Section 77-4404, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4404 (1) Until December 31, 2024, any person may apply to the department to create a good life district. All applications shall be in writing and shall contain:

(a) A description of the proposed project to be undertaken within the good life district, including a description of any existing development, an estimate of the total new development costs for the project, and an estimate of the number of new jobs to be created as a result of the project;

(b) A map identifying the good life district to be used for purposes of the project;

(c) A description of the proposed financing of the project;

(d) Documentation of local financial commitment to support the project, including all public and private resources pledged or committed to the project and including a copy of any operating agreement or lease with substantial users of the project area; and

(e) Sufficient documents, plans, and specifications as required by the department to define the project, including the following:

(i) A statement of how the jobs and taxes obtained from the project will contribute significantly to the economic development of the state and region;

(ii) Visitation expectations and a plan describing how the number of visitors to the good life district will be tracked and reported on an annual basis;

(iii) Any unique qualities of the project;

(iv) An economic impact study, including the anticipated effect of the project on the regional and statewide economies;

(v) Project accountability, measured according to best industry practices;

(vi) The expected return on state and local investment the project is anticipated to produce; and

(vii) A summary of community involvement, participation, and support for the project.

(2) Upon receiving an application, the department shall review the application and notify the good life district applicant of any additional information needed for a proper evaluation of the application.

(3) The application and all supporting information shall be confidential except for the location of the project, the total new development costs estimated for the project, and the number of new jobs estimated to be created as a result of the project.

(4) No more than five good life districts may be created statewide. No more than one good life district may be created in any county with a population of five hundred thousand inhabitants or more, excluding any good life district created within a qualified inland port district.

Sec. 5. Section 77-4405, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4405 (1) If the department finds that creation of the good life district would not exceed the limits prescribed in subsection (4) of section 77-4404 and the project described in the application meets the eligibility requirements of this section, the application shall be approved.

(2) A project is eligible if:

(a) The good life district applicant demonstrates that the total new development costs of the project will exceed:

(i) One billion dollars if the project will be located in a city of the metropolitan class;

(ii) Seven hundred fifty million dollars if the project will be located in a city of the primary class;

(iii) Five hundred million dollars if the project will be located in a city of the first class, city of the second class, or village within a county with a population of one hundred thousand inhabitants or more; or

(iv) One hundred million dollars if the project will be located in a city of the first class, city of the second class, village, or sanitary and improvement district within a county with a population of less than one hundred thousand inhabitants;

(b) The good life district applicant demonstrates that the project will directly or indirectly result in the creation of:

(i) One thousand new jobs if the project will be located in a city of the metropolitan class;

(ii) Five hundred new jobs if the project will be located in a city of the primary class;

(iii) Two hundred fifty new jobs if the project will be located in a city of the first class, city of the second class, or village within a county with a population of one hundred thousand inhabitants or more; or

(iv) Fifty new jobs if the project will be located in a city of the first

class, city of the second class, village, or sanitary and improvement district within a county with a population of less than one hundred thousand inhabitants; and

(c)(i) For a project that will be located in a county with a population of one hundred thousand inhabitants or more, the good life district applicant demonstrates that, upon completion of the project, at least twenty percent of sales at the project will be made to persons residing outside the State of Nebraska or the project will generate a minimum of six hundred thousand visitors per year who reside outside the State of Nebraska and the project will attract new-to-market retail to the state and will generate a minimum of three million visitors per year in total. Students from another state who attend a Nebraska public or private university shall not be counted as out-of-state residents for purposes of this subdivision; or

(ii) For a project that will be located in a county with a population of less than one hundred thousand inhabitants, the good life district applicant demonstrates that, upon completion of the project, at least twenty percent of sales at the project will be made to persons residing outside the State of Nebraska. Students from another state who attend a Nebraska public or private university shall not be counted as out-of-state residents for purposes of this subdivision.

(3) The good life district applicant must certify that any anticipated diversion of state sales tax revenue will be offset or exceeded by sales tax paid on anticipated development costs, including construction to real property, during the same period.

(4) 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 and to any city or village that will include the good life district. Such report shall:

(a) Provide evidence satisfactory to the department and such city or village that such applicant has sufficient financing for the project and the project is financially viable;

(b) Provide evidence that such applicant has land ownership within the proposed boundaries of the good life district or a contract giving the applicant an option to purchase land within the proposed boundaries of the good life district within one hundred eighty days of contract signing; and

(c) Provide information regarding any ownership interest held by such applicant in any existing retail business within the proposed good life district.

(5) ~~(4)~~ A project is not eligible if:

(a) The project includes a licensed racetrack enclosure or an authorized gaming operator as such terms are defined in section 9-1103, except that this subdivision shall not apply to infrastructure or facilities that are (i) publicly owned or (ii) used by or at the direction of the Nebraska State Fair Board, so long as no gaming devices or games of chance are expected to be operated by an authorized gaming operator within any such facilities;

(b) The project received funds pursuant to the Shovel-Ready Capital Recovery and Investment Act or the Economic Recovery Act, except that this subdivision shall not apply to any project located in a qualified inland port district; or

(c) The project includes any portion of a public or private university.

(6) ~~(5)~~ Approval of an application under this section shall establish the good life district as that area depicted in the map accompanying the application as submitted pursuant to subdivision (1)(b) of section 77-4404 or, for any application approved on or after the effective date of this act, the map as approved by the department. Such district shall last for thirty years and shall not exceed two thousand acres in size if in a city of the metropolitan class, three thousand acres in size if in any other class of city or village, or, for any good life district created within a qualified inland port district, the size of the qualified inland port district. All property within a good life district shall be contiguous.

(7)(a) ~~(6)(a)~~ Prior to July 1, 2024, any transactions occurring within a good life district shall be subject to a reduced state sales tax rate as provided in subdivision (5) of section 77-2701.02.

(b) On and after July 1, 2024, and until October 1, 2025, any transactions occurring within a good life district shall be subject to a reduced state sales tax rate as provided in subdivision (6) of section 77-2701.02.

(c) On and after October 1, 2025, any transactions, excluding sales of aircraft, all-terrain vehicles, barges, motor vehicles, motorboats, railroad rolling stock, semitrailers, and trailers, by a good life district applicant or an enhanced employment area good life district retailer that physically occur within a good life district and within the corporate limits of a city of the metropolitan class shall be subject to a state sales tax rate that is fifty percent of the state sales tax rate provided in section 77-2701.02.

(d) On and after October 1, 2025, a good life district applicant or good life district retailer shall be eligible for a state refund of fifty percent of the state sales tax paid on new development costs for a new business, additional good life district retailer, or relocated good life district retailer to the extent there is excess allocation available under subdivision (e) of this subsection at the time they are placed in service.

(e) After the amount of sales tax collected in the portion of the good life district located within the boundaries of a city of the metropolitan class by a good life district applicant or good life district retailer that is a relocated good life district retailer reaches an aggregate total of five

million dollars per year, the state shall offset from the city's local sales tax remittance, pursuant to the Local Option Revenue Act, any additional amount of lost state sales tax pursuant to subdivision (c) of this subsection, and such amount shall be credited to the General Fund, except that relocated good life district retailers shall exceed the five-million-dollar cap to the extent there are taxes received by the state from new businesses and additional good life district retailers net of any allocation or refund reduction from allocated amounts within the good life district in the amount of five million dollars plus the excess allocation or reduction over five million dollars. The city may take funds collected from the enhanced employment area occupation tax to offset the obligation. The Tax Commissioner shall inform the city of the amount of the monthly offset.

(8) (7) After establishment of a good life district pursuant to this section, a good life district applicant or the city or village in which all or a portion of the good life district is located may request that the size of the good life district be reduced may adjust the boundaries of the district by filing an amended map with the department and updates or supplements to the application materials originally submitted by the good life district applicant to demonstrate the eligibility criteria in subsection (2) of this section will be met after the boundaries are adjusted. The department may shall approve the new boundaries if on the following conditions are met:

(a) The department determines that the eligibility criteria in subsection (2) of this section will continue to be met after the proposed boundary adjustment based on the materials submitted by the party requesting the boundary adjustment; good life district applicant; and

(b) The adjustment is mutually agreed to by the good life district applicant and the city or village in which all or a portion of the good life district is located;

(b) For any area being removed from the district:

(c) (i) The department shall solicit and receive from the city or village in which all or a portion of the good life district is located confirmation that no area being removed is attributable to local sources of revenue which have been pledged for payment of bonds issued pursuant to the Good Life District Economic Development Act. Confirmation may include resolutions, meeting minutes, or other official measures adopted or taken by the city council or village board of trustees; and

(d) (ii) Either the department has received written consent from the owners of real estate proposed to be removed from the good life district, or a hearing is held by the department in the manner described in this subdivision and the department finds that the removal of the affected property is in the best interests of the state and that the removal is consistent with the goals and purposes of the approved application for the good life district. In determining whether removal of the affected property is consistent with the goals and purposes of the approved application for the good life district, the department may consider any formal action taken by the city council or village board of trustees. Proof of such formal action may include resolutions, meeting minutes, or other official measures adopted or taken. Such hearing must be held at least ninety days after delivering written notice via certified mail to the owners of record for the affected real estate proposed to be removed from the good life district. The hearing must be open to the public and for the stated purpose of hearing testimony regarding the proposed removal of property from the good life district. Attendees must be given the opportunity to speak and submit documentary evidence at, prior to, or contemporaneously with such hearing for the department to consider in making its findings; and -

(e) The department shall not remove an approved project area from a good life district.

(9) (8) After establishment of a good life district pursuant to this section, no property shall be added to the good life district and its boundaries shall not be expanded. but within twelve months after the approval of the original application or after any modification is made to the boundaries of a good life district pursuant to this section, a city or village in which any part of the applicable good life district is located may file a supplemental request to the department to increase the size of the good life district by up to one thousand acres. Such supplemental request shall be accompanied by such materials and certifications necessary to demonstrate that such increase would not negatively impact the criteria that were necessary for the original establishment of such good life district.

(10) (9) After establishment of a good life district pursuant to this section and after any reduction modification is made to the boundaries of a good life district pursuant to this section, the department shall transmit to any city or village which includes such good life district within its boundaries or within its extraterritorial zoning jurisdiction (a) all information held by the department related to the application and approval of the application, (b) all documentation which describes the property included within the good life district, and (c) all documentation transmitted to the applicant for such good life district with approval of the application and establishment of the good life district. Such city or village shall be subject to the same confidentiality restrictions as provided in subsection (3) of section 77-4404, except that all such documents, plans, and specifications included in the application which the city or village determine define or describe the project may be provided upon written request of any person who owns property in the applicable good life district. The department shall also transmit a copy of the map of the good life district, a list of all known good

life district retailers and enhanced employment area good life district retailers, and any ownership updates to the Department of Revenue.

(11) (10) After establishment of a good life district that exceeds one thousand acres in size, the good life district applicant may apply to the city or village in which all or a portion of the good life district is located department to establish development and design standards for the good life district. Such standards may include, but are not limited to, standards for architectural design, landscape design, construction materials, and sustainability, but may not require property owners to utilize specific contractors, professionals, suppliers, or service providers. The city or village department may approve the standards after holding a hearing after one hundred eighty days' notice to all property owners in the district if the city or village department finds that the standards will ensure a comprehensive and cohesive character and aesthetic for development in the good life district, and that the standards will further the purposes of the Good Life Transformational Projects Act. The development and design standards must be commercially reasonable and consistent with terminology and accepted practices in the architecture industry, must not conflict with any building code or other similar law or regulation, and must not impose an undue burden on property owners in the district. If approved, the standards shall apply to all new construction inside of the good life district. Any Notwithstanding the foregoing, any such standards established by the department shall be in addition and supplemental to any local zoning, building code, comprehensive plan, or similar requirements of the city or village, which requirements of the city or village shall control to the extent of any conflict with any design standards established by the department.

(12) If the good life district applicant for an approved good life district is a political subdivision, such political subdivision shall not be exempt from sales tax as provided in section 77-2704.15 on building material purchases for a new business that will or is intended to offer taxable sales in the good life district. For purposes of this subsection, political subdivision includes any public corporation created for the benefit of a political subdivision and any group of political subdivisions forming a joint public agency, organized by interlocal agreement, or utilizing any other method of joint action.

(13) After establishment of a good life district pursuant to this section, the good life district applicant and any other recipient of allocated sales taxes, as defined in section 77-4410, or reduced sales taxes shall submit an annual report to the department and to any city or village that includes any portion of the good life district. Such report shall be submitted by December 31 of each year that the good life district is in existence. Such report shall include the same information required under subsection (4) of this section.

(14)(a) After establishment of a good life district that is located in a city of the first class, city of the second class, or village within a county with a population of one hundred thousand inhabitants or more and establishment of a good life district economic development program in such city or village, up to six project areas may be established in the good life district as provided in this subsection. In a city of the metropolitan class, the good life district applicant shall be the only project area applicant, and the good life district applicant's project area shall be the only approved project area.

(b) Any good life district applicant who does not have controlling property rights over the entirety of the property in the good life district may submit an application to the department to designate a portion of the good life district as a project area. The application shall include (i) evidence of the applicant's controlling property rights for the proposed project area within the good life district, (ii) a map of the proposed project area, (iii) a description of the development to be pursued within the proposed project area, and (iv) a description of how the project area is a viable development. A good life district applicant may amend the project area application any time after it is submitted. Any amendment must include an amended map of the proposed project area. An application for a project area shall be subject to the same confidentiality restrictions as provided in subsection (3) of section 77-4404.

(c) The department may only approve an application for a project area if, based on the evidence submitted to and considered by the department, the department concludes that a viable development is included in the project area application. The department shall provide notice of its decision to the project area applicant and the city or village that includes any portion of the applicable good life district.

(d) Approval of the project area shall establish the project area as that area depicted in the map accompanying the application. An approved project area shall last for the duration of the underlying good life district unless the project area applicant requests termination of the project area or assigns the project area to another project area applicant.

(e) Upon approval of a project area, the project area applicant, the department, and the city or village that includes any part of the applicable good life district shall enter into a memorandum of understanding as described in subsection (8) of section 77-4412. Such memorandum of understanding shall require that the local sources of revenue, as defined in section 77-4410, derived from within a project area shall be used for eligible costs incurred within or related to the project area, including payment of debt service for bonds issued pursuant to the Good Life District Economic Development Act, and to pay other costs of the city's or village's good life district economic development program created under such act.

(f) A good life district applicant may submit an application for a project area under this subsection within ninety days after the effective date of this act. Subject to subdivision (g) of this subsection, any other person or entity may submit an application for a project area beginning ninety days after the effective date of this act. Such other person or entity shall follow the same application process as described in this subsection for a good life district applicant. Project areas shall not overlap.

(g) The department shall not approve any other person's or entity's project area application until one of the following occurs:

(i) The department approves the good life district applicant's project area application and the applicant, department, and city or village enter into a memorandum of understanding pursuant to subsection (8) of section 77-4412; or

(ii) The good life district applicant fails to submit an application within ninety days after the effective date of this act.

(h) The department shall adopt and promulgate rules and regulations or publish guidance regarding the process and timeline for approving project areas. Any such rules and regulations or published guidance shall further the state's goal of maximizing transformative development outcomes in a timely way.

(i) An approved project area shall not be considered a separate good life district for purposes of subsection (4) of section 77-4404.

(j) After the establishment of a project area, the project area applicant may apply to expand its project area with approval from the department. The department may only approve an expansion if (i) the project area applicant has controlling property rights with respect to property proposed to be added to the project area and submits evidence of such controlling property rights to the department and the city or village in which the good life district is located and (ii) all of the property proposed to be added to the project area is within the boundaries of the good life district.

(k) The department may remove property from a project area if the project area applicant no longer has controlling property rights with respect to such property.

(l) The department may adopt and promulgate rules and regulations governing the expansion of and removal of property from project areas.

(m) After the establishment of a project area, the project area applicant shall submit an annual report to the department and to any city or village that includes any portion of the good life district. Such report shall be submitted by December 31 of each year that the good life district is in existence. Such report shall include the same information required under subsection (4) of this section.

(15) ~~(11)~~ Demonstration of meeting the required new development costs for purposes of subdivision (2)(a) of this section may be established by evidence submitted by the good life district applicant, the city or village where the good life district is located, or any other person that which submits satisfactory evidence to the department.

Sec. 6. Section 77-4406, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4406 (1) The department shall terminate a good life district established pursuant to section 77-4405 if:

(a) Commitments for ten percent of the investment threshold required under subdivision (2)(a) of section 77-4405 have not been made within three years after establishment of such district;

(b) Commitments for fifty percent of the investment threshold required under subdivision (2)(a) of section 77-4405 have not been made within seven years after establishment of such district; or

(c) Commitments for seventy-five percent of the investment threshold required under subdivision (2)(a) of section 77-4405 have not been made within ten years after establishment of such district; or

(d) The city or village in which all or a portion of the good life district is located has not established a good life district economic development program as provided in section 77-4412 within three years after establishment of such district, except that this subdivision shall not apply if the city or village is the good life district applicant and shall not apply to any city of the metropolitan class with an enhanced employment area within the good life district.

(2) The department shall measure the amount of commitments for such investment from evidence submitted by the good life district applicant, the city or village in which all or a portion of the district is located, or any other source determined appropriate by the department. The department shall accept evidence of such commitments from any source so long as the evidence relates to any portion of the project described in the application, as amended or supplemented. Certification by the city or village in which all or a portion of the good life district is located that the evidence submitted represents commitments for investment in the project described in the application shall be conclusive and accepted by the department, and such commitments shall be counted toward the applicable threshold. Any such certification by a city or village shall not limit or restrict the department's acceptance of evidence of commitments from the good life district applicant or any other source.

(3) The department may terminate a good life district prior to the establishment of a good life district economic development program pursuant to section 77-4412 upon the request of the good life district applicant. For any good life district that has one or more project areas, such termination may also be requested by the city or village in which all or a portion of the good life district is located.

(4)(a) Any termination of a good life district pursuant to this section shall require the recapture of any unencumbered amounts remaining in a good life district economic development fund established under section 77-4414 for the good life district being terminated. Such amounts shall be remitted to the State Treasurer for credit to the General Fund.

(b) The recapture required by this subsection shall not occur if the failure to meet the requirements in subsection (1) of this section was caused by an act of God or a national emergency.

Sec. 7. (1) The Department of Economic Development and the Department of Revenue may share information, including information of a confidential nature, as needed to properly administer the Good Life Transformational Projects Act.

(2) The Department of Economic Development may adopt and promulgate rules and regulations to carry out the Good Life Transformational Projects Act.

Sec. 8. Section 77-4408, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4408 Sections 77-4408 to 77-4430 and section 13 of this act shall be known and may be cited as the Good Life District Economic Development Act.

Sec. 9. Section 77-4410, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4410 For purposes of the Good Life District Economic Development Act, unless the context otherwise requires:

(1) Allocated sales taxes means state sales taxes on or after October 1, 2025, that are allocated by the Tax Commissioner to the city in which all or a portion of the good life district is located pursuant to subsection (2) of section 77-4413;

(2) Bond has the same meaning as in section 10-134;

(3) ~~(1)~~ City means any city of the metropolitan class, city of the primary class, city of the first class, city of the second class, or village, including any city operated under a home rule charter;

(4) Department means the Department of Economic Development;

~~(2) Bond has the same meaning as in section 10-134;~~

(5) ~~(3)~~ Election means any general election, primary election, or special election called by the city as provided by law;

(6) ~~(4)~~ Eligible costs means payment and reimbursement of (a) the costs of acquisition, planning, engineering, designing, financing, construction, improvement, rehabilitation, renewal, replacement, repair, landscaping, irrigation, and maintenance of privately and publicly owned real estate, buildings, improvements, fixtures, equipment, and other physical assets within a good life district and debt service on such real estate, buildings, improvements, fixtures, equipment, and other physical assets, (b) the costs of construction and acquisition of publicly owned infrastructure and publicly owned property rights within or related to a good life district, (c) costs of and related to the public right-of-way, including streets, signage, lighting, refuse services, and landscaping, (d) the costs of new development, acquisition, maintenance, and enhancement of technology assets, including to include hardware, software, and related intellectual property, (e) if the initial exclusive use of such property is in or related to the good life district program area, (d) the costs of marketing, and tenant improvement allowances, and tenant and customer acquisition and retention, and (f) (e) city costs related to implementing, operating, and funding a good life district economic development program;

(7) ~~(5)~~ Good life district means any good life district established pursuant to the Good Life Transformational Projects Act;

(8) ~~(6)~~ Good life district applicant means (a) the person who applied for the applicable good life district, which was approved by the ~~department~~ Department of Economic Development pursuant to section 77-4405 and (b) any related person as defined in section 77-4403;

(9) ~~(7)~~ Good life district economic development program or program means a program established pursuant to the Good Life District Economic Development Act to utilize funds derived from local sources of revenue for the purpose of paying eligible costs, and for paying principal of and interest on bonds issued pursuant to the act;

(10) ~~(8)~~ Good life district program area means the area established pursuant to section 77-4412 for a good life district economic development program;

(11) Good life district retailer has the same meaning as in section 77-4403;

(12) ~~(9)~~ Governing body means the city council, board of trustees, or other legislative body charged with governing the city;

(13) ~~(10)~~ Local sources of revenue means the sources of revenue established for a good life district economic development program pursuant to section 77-4413, and any revenue generated from grants, donations, or state and federal funds received by the city for such good life district economic development program subject to any restrictions of the grantor, donor, or state or federal law; and

(14) Nonrevenue producing costs means eligible costs paid from the good life district economic development program for (a) construction or acquisition of privately owned real and personal property which is not expected to generate local sources of revenue for the program through the use of such property in the operation of one or more businesses located in the good life district program area or (b) operating expenses or other noncapital expenditures of a qualifying business which is not a governmental entity;

(15) Project area has the same meaning as in section 77-4403;

(16) Project area applicant has the same meaning as in section 77-4403; and

(17)(a) (11) Qualifying business means any corporation, nonprofit corporation, partnership, limited liability company, or sole proprietorship which owns or leases property or operates its business within a good life district program area, or plans to own or lease property or operate its business within a good life district program area. The term includes a related person as defined in section 77-4403. The good life district applicant shall be deemed a qualifying business pursuant to this subdivision.

(b) Qualifying business shall also include a political subdivision, a state agency, or any other governmental entity which includes any portion of the good life district program area within its territorial boundaries.

Sec. 10. Section 77-4412, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4412 (1) Upon approval by the voters, the governing body of the city may establish a good life district economic development program for any area within the city which is included in a good life district established pursuant to the Good Life Transformational Projects Act, and the city shall appropriate the local sources of revenue established in the good life district program area and pledged for such program.

(2) A good life district economic development program shall be established by ordinance, which shall include the following provisions:

(a) The boundaries of the good life district program area, which shall be coterminous with the portion of the applicable good life district as established pursuant to section 77-4405 which is located within the city. Such boundaries of the program area may be expanded to include any area annexed by the city which is also included within such established good life district;

(b) A description of the local sources of revenue which shall be established for the program pursuant to section 77-4413, and a pledge to appropriate such local sources of revenue revenues to the program for the time period during which such funds are collected;

(c) The time period within which the funds from local sources of revenue are to be collected within the good life district program area, and the time period during which the good life district economic development program will be in existence;

(d) The manner in which a qualifying business will be required to submit an application for assistance under the good life district economic development program, including the type of information that will be required from the business, the process that will be used to verify the information, and the types of business information provided to the city which will be kept confidential by the city, and the types of agreements which will be permitted with qualifying businesses for development of property within the good life district program area. No additional business information shall be required from a qualifying business that is the good life district applicant. The ~~department~~ Department of Economic Development shall provide a copy of the application, approval, and all related documentation establishing the related good life district to the city upon approval by the ~~department~~ Department of Economic Development;

(e) Such restrictions on qualifying businesses, limitations on types of eligible costs, and limitations on the amounts of eligible costs as the city determines are in the best interests of the city and the good life district economic development program. Such limitations and restrictions shall include provisions intended to ensure (i) sufficient infrastructure will be available to serve the program area and expectations as to how such infrastructure will be constructed and funded, (ii) sufficient capital investment in buildings and facilities to generate enough local sources of revenue to sustain the program, and (iii) substantially all of the eligible costs will be used for the benefit of the program area, and (iv) not more than twenty percent of disbursements from the program will be for nonrevenue producing costs; and

(f) A description of the administrative system that will be established by the city to administer the good life district economic development program, including a description of any personnel structure and the duties and responsibilities of the personnel involved.

(3) All information provided with an application for assistance under any good life district economic development program to the city by a qualifying business shall be kept confidential by the city to the extent required by the terms of the ordinance establishing the good life district economic development program. The city may approve or deny any application for assistance in the discretion of the city, subject to the terms of any contract or agreement with a qualifying business related to such program.

(4) The city may enter into contracts and agreements with qualifying businesses related to assistance under the good life district economic development program, development of property within the applicable good life district program area, use of property within the good life district program area, and other agreements related to the good life district economic development program or good life district program area, which contracts and agreements may extend over multiple years and include such undertakings and designation of responsibilities as the city determines appropriate or convenient for development, use, and operation of the good life district economic development program and the properties in the good life district program area. The city shall not enter into a contract or agreement with a qualifying business for assistance that uses local sources of revenue collected from property owned by the good life district applicant unless the contract or

agreement is approved by the good life district applicant. This subsection shall not be construed to provide a city with any power it would not otherwise have by law to restrict a business lawfully permitted to operate in this state from locating in a good life district.

(5) In connection with administration of a good life district economic development program, a city may engage professionals, consultants, and other third parties to assist and provide such services to the city as determined appropriate by the city. All costs of administration of the program which are charged to the program by the city shall be paid from the associated good life district economic development fund prior to payment of any other eligible costs or bonds which may be payable from the fund.

(6) Each good life district economic development program shall remain in effect until thirty years after the date the associated good life district was established or until the program is terminated by the city pursuant to subsection (7) of this section, whichever occurs first. If more than one good life district is established within a city, a separate good life district economic development program shall be established for each such good life district.

(7) The governing body of a city may, at any time after the adoption of the ordinance establishing the good life district economic development program by a two-thirds vote of the members of the governing body, amend or repeal the ordinance in its entirety, subject only to the provisions of any outstanding bonds or existing contracts relating to such program and the rights of any third parties arising from such bonds or contracts.

(8)(a) For any good life district that includes a project area established pursuant to section 77-4405, the following provisions shall apply to the portion of such project area located within the good life district program area:

(i) Prior to disbursement of any funds from the good life district economic development program to a project area applicant for eligible costs in a project area, the city, the project area applicant, and the department shall enter into a memorandum of understanding with respect to the following matters related to development of property in the project area and local sources of revenue attributable to the project area, and the following provisions shall govern with respect to such matters included in the memorandum of understanding from and after the date of execution by all such parties:

(A) A trustee bank shall be identified and established for the project area, and the remittance of funds by the Tax Commissioner pursuant to subdivision (2)(d) of section 77-4413 that are sourced to the project area shall be deposited in an account held by the trustee bank and established for such project area. The Tax Commissioner shall only remit funds collected from within the established project area to the correlating trustee bank;

(B) Funds held by the trustee bank with respect to such project area shall only be disbursed for payment or reimbursement of eligible costs incurred on or after the date of establishment of such project area, including payment of debt service for bonds issued pursuant to the Good Life District Economic Development Act and to pay other costs of the city's good life district economic development program. Prior to the disbursement of funds, the trustee bank shall require evidence that the disbursement is to pay or reimburse eligible costs incurred on or after the date of establishment of the project area and shall maintain records with respect to all such disbursements and provide copies to the city, the department, and the project area applicant annually;

(C) The development and financing obligations for the project area shall be addressed in the memorandum of understanding. The development obligations for the project area shall include, but not be limited to, roadwork, utilities, and other improvements. The financing obligations shall include, but not be limited to, anticipated bond financing supported by local sources of revenue, including anticipated timing and phasing of the financing and development obligations; and

(D) An addendum between the city and the applicant shall be included as part of the memorandum of understanding. In such addendum, the parties shall agree to comply with the city's good life district economic development program ordinances; and

(ii) The memorandum of understanding may include additional provisions with respect to the project area and funds held by the trustee bank with respect to such project area as determined appropriate by the parties. Such additional provisions may include, without limitation, the following:

(A) Creation of multiple subaccounts to be managed by the trustee bank, and provisions for distribution of funds among subaccounts, including a special services account to be used for management costs and costs of and related to the public right-of-way, including streets, signage, lighting, refuse services, and landscaping;

(B) Provision for specific entities to have the exclusive right to request disbursements from specified subaccounts;

(C) A record keeping and financial accountability framework to determine that taxpayer funds are used for permitted purposes;

(D) Provisions intended to streamline permitting, zoning, and similar development issues; and

(E) Additional conditions for disbursement of funds held by the trustee bank or of bond proceeds intended to ensure project viability and to protect local taxpayers of the city.

(b) The department may adopt and promulgate rules and regulations to

govern the content of and procedures relating to the memorandum of understanding.

(c) This subsection shall not apply to local sources of revenue attributable to a project area that have been pledged for payment of bonds or otherwise committed by contract under the good life district economic development program prior to the city receiving notice of establishment of a project area.

(d) The funds and accounts established with a trustee bank for a project area shall be part of the good life district economic development fund of the city and distributed pursuant to the agreements made in accordance with this subsection.

(9) Nothing in the Good Life District Economic Development Act authorizes the use of eminent domain to acquire property within a good life district for the purpose of giving or selling such property to a private individual or corporation.

Sec. 11. Section 77-4413, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4413 (1)(a) (1) Upon establishing a good life district economic development program, the city is authorized to establish a general business occupation tax as a local source of revenue. Such occupation tax may be imposed upon the businesses and users of space located within the good life district program area. any one or more of the following local sources of revenue for the program within the applicable good life district program area:

(a) ~~A local option sales and use tax of up to the greater of (i) the difference between the state sales tax rate levied in general and the state sales tax rate levied on transactions occurring within a good life district or (ii) two and three-quarters percent upon the same transactions that are sourced under the provisions of sections 77-2703.01 to 77-2703.04 within the good life district program area on which the State of Nebraska is authorized to impose a tax pursuant to the Nebraska Revenue Act of 1967, as amended from time to time. The city is authorized to impose such sales and use tax by ordinance of its governing body, and such sales and use tax shall be in addition to any local option sales tax imposed by the city pursuant to section 77-27,142. The administration of such sales and use tax shall be by the Tax Commissioner in the same manner as provided in section 77-27,143. The Tax Commissioner shall collect the tax imposed pursuant to this subdivision concurrently with collection of a state tax in the same manner as the state tax is collected. The Tax Commissioner shall remit monthly the proceeds of such tax to the city levying the tax. All relevant provisions of the Nebraska Revenue Act of 1967, as amended from time to time, and not inconsistent with the Good Life District Economic Development Act, shall govern transactions, proceedings, and activities pursuant to any local option sales and use tax imposed under this subdivision;~~

(b) ~~A general business occupation tax upon the businesses and users of space within the good life district program area. The city is authorized to impose such occupation tax by ordinance of its governing body, and any occupation tax imposed pursuant to this subsection subdivision shall make a reasonable classification of businesses, users of space, or kinds of transactions for purposes of imposing such tax. The collection of a tax imposed pursuant to this subsection subdivision shall be made and enforced in such a manner as the governing body of the city shall determine in such ordinance to produce the required revenue. The governing body may provide that failure to pay the tax imposed pursuant to this subsection subdivision shall constitute a violation of the ordinance and subject the violator to a fine or other punishment as provided by such ordinance. ; or~~

(2)(a) Upon establishing a good life district economic development program or upon establishing a good life district when a city is the good life district applicant, the Tax Commissioner shall allocate the state sales taxes described in subdivision (b) of this subsection, excluding the taxes on sales of aircraft, all-terrain vehicles, barges, motor vehicles, motorboats, railroad rolling stock, semitrailers, and trailers, to the city in which all or a portion of the good life district is located. Such state sales taxes shall be known as allocated sales taxes and shall constitute a local source of revenue for the city's good life district economic development program, if one has been established.

(b) After October 1, 2025, the following state sales taxes shall be allocated under this subsection:

(i) Fifty percent of the state sales taxes collected by a good life district retailer that was not located in the good life district at the time the district was established or expanded and is not a relocated good life district retailer as defined in section 77-4403 on transactions physically occurring in the portion of the good life district located within the boundaries of the city;

(ii) Fifty percent of the state sales taxes that were not allocated under subdivision (b)(i) of this subsection and that were collected on transactions physically occurring in the portion of the good life district located within the boundaries of the city by a good life district applicant or good life district retailer that was operating in the good life district when the good life district was established, not to exceed an aggregate total of five million dollars per year, except that relocated good life district retailers as defined in section 77-4403 shall exceed the five-million-dollar cap to the extent there are taxes received by the state from new businesses and additional good life district retailers, as such terms are defined in section 77-4403, net of any

allocation or refund reduction from allocated amounts within the good life district in the amount of five million dollars plus the excess allocation or reduction over five million dollars; and

(iii) Fifty percent of the state sales taxes that were not subject to allocation under subdivision (b)(i) or (ii) of this subsection or a reduced rate under subsection (7) of section 77-4405 and that were paid by a good life district applicant, project area applicant, or good life district retailer on new development costs for a new business, additional good life district retailer, or relocated good life district retailer, as such terms are defined in section 77-4403.

(c) Allocated sales taxes shall not include any state sales taxes collected pursuant to subdivision (7)(c) of section 77-4405.

(d) The Tax Commissioner shall remit the allocated sales taxes, after deducting the amount of refunds from allocated amounts, to the appropriate city on a monthly basis in the manner prescribed in the Local Option Revenue Act. Any refunds not covered by allocated sales taxes shall be offset from local sales tax remittance pursuant to the Local Option Revenue Act.

(e) The Tax Commissioner shall provide a detailed report to the applicable city with each such monthly remittance which includes the real estate parcel, the good life district applicant, the good life district retailer, the aggregate amount of taxable sales, and the amount of remittance attributable to the good life district applicant and each good life district retailer for such remittance period. The Tax Commissioner shall also provide each such report to the department. The details of each such report shall be kept confidential by the city, provided that the city may disclose the aggregate total of taxable sales and remittance for the entire good life district and for each project area, if any have been established.

(f) Any amount of allocated sales taxes remitted to a city under this subsection which is unencumbered and in such city's good life district economic development fund shall be subject to the recapture provisions of section 77-4406.

(3) Upon establishing a good life district economic development program, the city may designate, by ordinance, a portion of the city's local option sales and use tax established pursuant to section 77-27,142 as a local source of revenue. The designated portion shall only include amounts collected on transactions occurring within the good life district program area and may be further restricted by the city in such ordinance or dedicated to pay such expenses as agreed to by the city and the good life district applicant.

~~(c) Such portion of a city's local option sales and use tax established pursuant to section 77-27,142 which has been designated by the city for such purpose pursuant to an ordinance, which may only include amounts collected on transactions occurring within the good life district program area, and which may be further restricted by the city in such ordinance, or dedicated to pay such expenses as agreed to between the city and the good life district applicant.~~

~~(2) The local option sales and use tax imposed pursuant to subdivision (1)(a) of this section shall be separate and apart from any sales and use tax imposed by the city pursuant to the Local Option Revenue Act and shall not be considered imposed by or pursuant to the Local Option Revenue Act for any purpose under Nebraska law. The local option sales and use tax imposed pursuant to subdivision (1)(a) of this section shall not be subject to deduction for any refunds made pursuant to section 77-4105, 77-4106, 77-5725, or 77-5726, and shall not be affected by or included in the tax incentives available under the Employment and Investment Growth Act, the Nebraska Advantage Act, the Imagine Nebraska Act, the Nebraska Advantage Transformational Tourism and Redevelopment Act, the Urban Redevelopment Act, or any other tax incentive act which affects the local option sales tax imposed by a city pursuant to the Local Option Revenue Act.~~

~~(4) (3) All local sources of revenue which have been established for a good life district shall remain in effect and shall not end or terminate until the associated good life district economic development program terminates.~~

Sec. 12. Section 77-4414, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-4414 (1) Any city which has established a good life district economic development program shall establish a separate good life district economic development fund for such program, and may establish subaccounts in such fund as determined appropriate. All funds derived from local sources of revenue established for the program or received for the program, and any earnings from the investment of such funds, shall be deposited into such fund. Any proceeds from the issuance and sale of bonds pursuant to the Good Life District Economic Development Act to provide funds to carry out the good life district economic development program, shall be deposited into the good life district economic development fund, or with a bond trustee pursuant to any resolution, trust indenture, or other security instrument entered into in connection with the issuance of such bonds, or as otherwise provided in section 77-4423. The city shall not transfer or remove funds from a good life district economic development fund other than for the purposes prescribed in the act, and the money in a good life district economic development fund shall not be commingled with any other city funds.

(2) Distribution of any funds from a good life district economic development fund, including from proceeds of bonds issued pursuant to the Good Life District Economic Development Act, to a qualifying business shall be made only upon receipt of evidence that such distribution is for the payment or

reimbursement of eligible costs. A city may establish processes for any such approval in the ordinance establishing the applicable program, with a bond trustee under a bond resolution or trust indenture, or as may otherwise be determined appropriate by the city.

(3) Any money in a good life district economic development fund not currently required or committed for purposes of such good life district economic development program shall be invested as provided for in section 77-2341.

(4) In the event that a good life district economic development program is terminated or ends, the balance of money in such good life district economic development fund not otherwise pledged for payment of bonds or otherwise committed by contract under the program and not required to be transferred to the state General Fund pursuant to subdivision (4)(a) of section 77-4406 shall be deposited in the general fund of the city. Any funds received by the city by reason of a good life district economic development program after the termination of such program shall be transferred from such good life district economic development fund to the general fund of the city as such funds are received.

(5) A good life district economic development fund shall not be terminated until such time as all bonds, contracts, and other obligations payable from such fund are no longer outstanding or are extinguished as provided in section 77-4418, and all funds related to them fully accounted for, with no further city action required, and after the completion of a final audit pursuant to section 77-4416.

Sec. 13. (1) The Department of Economic Development and the Department of Revenue may share information, including information of a confidential nature, as needed to properly administer the Good Life District Economic Development Act.

(2) The Department of Economic Development may adopt and promulgate rules and regulations to carry out the Good Life District Economic Development Act.

Sec. 14. If any section in this act or any part of any section is declared invalid or unconstitutional, the declaration shall not affect the validity or constitutionality of the remaining portions.

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

Sec. 16. Since an emergency exists, this act takes effect when passed and approved according to law.