

Nebraska LB 468 - repeal of *ImagiNE* data center sales tax exemption

OPPOSITION TESTIMONY

February 5, 2025

Nebraska Legislature
Revenue Committee

Subject: Opposition to repeal of *ImagiNE* proposed in LB 468

Dear Chairman von Gillern and members of the Committee:

NetChoice is a trade association of America's leading tech companies, and we advocate energy and tax policies to support the new hyperscale data centers America needs.

Nebraska's previous Advantage incentive was successful in attracting a handful of large data centers to Nebraska. In order to measure the benefits of these existing data centers, Mangum Economics published [The Impact of Data Centers on the Nebraska Economy](#), assessing economic benefits from Advantage-era data centers. Highlights of Nebraska benefits documented in the study:

- \$1.3 billion in economic output generated by direct investment
- \$18 million in state taxes in 2021 alone
- \$18 million in local taxes in 2021 alone
- Nearly 500 full-time employees working in those data centers

All of this came after Nebraska started to tax data center equipment similar to the way it taxes all businesses – *granting a sales tax exemption under ImagiNE Nebraska for equipment they are using in that business.*

However, other states have been updating their tax laws in order to recruit hyperscale data centers. That includes both Arkansas and Wisconsin, which adopted a permanent sales tax exemption in 2023. And last month, Michigan enacted a long-term exemption. Nebraska is becoming less competitive when it comes to locating a new billion-dollar data center - even with reliable infrastructure, available sites and a strong talent pool.

The repeal of the ImagiNE data center tier contained within LB 468 (p.32) would reduce the potential for new hyperscale data centers in Nebraska – closing the door to the wave of investment and tech innovation that will power President Trump’s “Golden Age of American Innovation.”

In his first 100 hours, President Trump heralded hundreds of billions in new private investment in American data centers. Of all American industries, the tech sector is #1 when it comes to investing in America’s communities and America’s future. We are serving ever-growing demand for data and AI, from users, businesses, and governments. Everything that uses the internet – including Ag tech and advanced manufacturing – requires data centers. And AI servers require even more data centers to help America stay ahead of China.

\$300 billion in data center and AI capital investments coming in 2025, from just these firms:

| | |
|------------------|----------------|
| Amazon | \$ 75 B |
| Google | \$ 75 B |
| Meta | \$ 65 B |
| Microsoft | \$ 80 B |

We often think of all that storage and processing as happening “in the cloud.” But you know that nothing is really “in the clouds” – it is all stored in a physical data center, like those outside Omaha and coming soon to Lincoln.

Nebraska already knows that data centers bring powerful benefits to the states and local communities where they are located through construction jobs, new tech jobs, new tax revenue and new investment. Our industry locates data centers in states and communities where we are welcomed – and valued for our contributions to local taxes, STEM education, and broadband buildout. Moreover, our hyperscale data centers are highly efficient in using electricity and water. As the midwest utility Evergy [testified last week in Kansas](#) in support of a data center sales tax exemption:

“large load customers, including data centers, absorb a greater share of the fixed costs of operating grid infrastructure (power plants, poles and wires), thus lowering rates for all customers.”

We know that our coalition members already located in Nebraska have enjoyed their partnerships here, and we look forward to continuing to build on that success.

Please amend LB 468 to remove the repeal of the current ImagiNE data center tier (p.32). Keep Nebraska open for America’s #1 industry for capital investment.

As President Trump [said last week](#) about China’s DeepSeek AI,

“The release of DeepSeek AI from a Chinese company should be a wakeup call for our industries that we need to be laser-focused on competing to win”

Thank you, and I am happy to answer any questions.

Steve DelBianco
President & CEO
NetChoice