

PREPARED BY: Clinton Verner
 DATE PREPARED: February 7, 2022
 PHONE: 402-471-0056

LB 1215

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB1215 creates the Small Business Assistance Act, a grant program with the Department of Economic Development. LB1215 defines eligible grantees, grant amounts, and requires an annual report from the Department of Economic Development on the Small Business Assistance Act.

LB1215 has intent language to appropriate \$5,000,000 per year to the Department of Economic Development pursuant to this act. Though a funding source is not stated in the bill, we assume the funds appropriated would be from the General Fund. The Department of Economic Development states that it would require 2.5 FTE by its second year with approximately \$3.7 million being expended in aid each year. We have no basis to disagree.

No fiscal impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1215	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond		DATE: 2/3/2022	PHONE: (402) 471-4181
COMMENTS: The Department of Economic Development assessment of no fiscal impact from LB 1215 appears reasonable.			

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

2022

LB⁽¹⁾ 1215

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 1/26/2022 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB1215 would create the Small Business Assistance Act to be administered by the Department of Economic Development. Under the bill, DED would create a grant program to provide assistance to small businesses or individuals. These businesses either are new businesses or businesses in existence for five years or less. In addition, DED would contract with a private entity to provide professional counseling services to businesses eligible for a Small Business Assistance grant. DED is also required to submit a detailed report on the impact of grants provided under the act every other year beginning on 10/1/2024. The bill contains intent language to appropriate \$5 million each fiscal year to carry out the provisions of the act.

LB1215 provides for two types of grants, grants to individuals who wish to start a business, and small businesses that have been in existence for five years or less, with five or fewer employees. Grants for individuals may be up to \$25,000 and grants to eligible businesses may be up to \$12,500. Grant recipients must meet certain qualifications including, a personal net worth of less than \$200,000, no ownership interest in other businesses, and individuals must have earned less than \$55,000 in the previous calendar year, and businesses must not have grown more than 25% in the previous year.

The reporting required by LB1215 includes the names and grant amounts received, the recipients of counseling services, a description of the demand for grants and counseling services by region, the impact of the grants provided in terms of jobs created and economic impact of the business, the impact on state and local tax receipts, and the types of businesses created by industry.

If funds are appropriated, LB1215 would require the services of an Economic Development Manager to manage the program, an Economic Development Business Consultant to assist with making the grants and gathering information for the grants and reporting, and 0.5 FTE of an IT Business Systems Analyst to assist with online applications and grant management on the department's grant management software. The operating costs include \$6,640 for additional rental space, \$8,525 for annual software licensing for the grants management software, and—based upon a previous program with a similar requirement—\$1,000,000 in one-time costs to contract with a number of private business counselors to provide services to grantees across the state.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G49550 Econ. Dev. Manager	0.90	1.00	\$59,590	\$67,860
A49011 Econ Dev. Bus Consultant I	0.75	1.00	43,550	59,910
A07081 IT Bus Systems Analyst	0.50	0.50	31,000	31,780
Benefits.....			53,660	63,660
Operating.....			1,042,180	1,047,220
Travel.....			13,410	15,520
Capital outlay.....			25,800	0
Aid.....			3,730,810	3,714,050
Capital improvements.....				
TOTAL.....			\$5,000,000	\$5,000,000