

PREPARED BY: Clinton Verner  
 DATE PREPARED: January 27, 2023  
 PHONE: 402-471-0056

**LB 515**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below			

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

LB515 creates the Rural Economic Development Initiative Act (REDI) and Economic Development Grant Program to be administered by the Nebraska Department of Economic Development (DED) and provides intent to appropriate \$15,000,000 in General Funds in FY23-24.

Grants are to be issued to Economic Development non-profit corporations for the purpose of hiring at least one FTE and describes the eligible duties of said FTE.

REDI Grant Program recipients have reporting requirements described in the act.

DED’s estimate of administrative cost related to the program appears reasonable.

Technical note: If the intent of the program is to expend grants over the course of five years, appropriation language will need to be modified, i.e., intent to appropriate a certain amount per year for five years.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 515	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 1/27/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 515 appears reasonable.		
<u>Technical Note:</u> The current appropriation language is expressed as intent. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804.		

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

**2023**

**LB<sup>(1)</sup> 515**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Economic Development

Prepared by: <sup>(3)</sup> Dave Dearmont Date Prepared: <sup>(4)</sup> 1/24/2023 Phone: <sup>(5)</sup> 402-471-3777

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$15,000,000</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL FUNDS	<u>\$15,000,000</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Explanation of Estimate:**

LB515 provides intent to appropriate \$15 million to the Department to offer grants to non-profits specializing in economic development. Each grant is to allow for a non-profit to hire one full-time employee (FTE) that provides services of economic development for up to five years.

Eligible applicants are to provide a list of the jurisdictions they serve, a list of the services they provide, a list of positions to be created if given award, and the methodology they will use to measure the success of their program. DED will give priority to applicants that serve a population of 50,000 or less, indicate a partnership with a county, indicate an effort to focus on more than one city of the second class or village, and demonstrate experience providing economic development services.

LB515 will require DED to create and administer a new grant program, monitor grantees, collect information from the grantees and produce an annual report based on the information received. This will require the services of 0.25 FTE Attorney II and 0.5 FTE Economic Development Business Consultant II.

The appropriation intent language appears to be misaligned with the 5-year program described. If annual award payments are intended, then a cash fund expenditure would be \$3 million each year.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G31112 Attorney II	<u>0.25</u>	<u>0.25</u>	<u>\$18,850</u>	<u>                    </u>
A49012 Econ Dev Bus Consultant II	<u>0.50</u>	<u>0.50</u>	<u>33,220</u>	<u>                    </u>
Benefits.....			<u>20,830</u>	<u>                    </u>
Operating.....			<u>19,350</u>	<u>                    </u>
Travel.....			<u>5,210</u>	<u>                    </u>
Capital outlay.....			<u>0</u>	<u>                    </u>
Aid.....			<u>14,902,540</u>	<u>                    </u>
Capital improvements.....			<u>0</u>	<u>                    </u>
TOTAL.....			<u>\$15,000,000</u>	<u>                    </u>