

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	\$160,000,000	See below	
FEDERAL FUNDS				
OTHER FUNDS		(\$160,000,000)		
TOTAL FUNDS	See below	\$0	See below	

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

LB644 creates a transfer of \$160,000,000 from the Cash Reserve Fund to the Site and Building Development Fund, which is administered by the Nebraska Department of Economic Development (NDED).

LB644 makes changes to the Site and Building Development Fund to expand the eligible use of the fund, sets definitions of new eligible applicants, and sets that up to \$5,000,000 may be used on operation costs related to administering the fund and up to \$25,000,000 may be awarded in grants by the Department per year. It is reasonable to assume that the intent is to expend up to \$30,000,000 per year through this subprogram.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 644	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan		DATE: 1/26/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 644 appears mostly reasonable. A transfer of \$160 million to the Site & Building Development Fund would be anticipated in FY 2023-24. The estimated allocation of FTE may be somewhat overstated.			

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2023

LB⁽¹⁾ 644

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 1/24/2023 Phone: ⁽⁵⁾ 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	_____	_____	_____	_____
CASH FUNDS	\$80,000,000	_____	\$80,000,000	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$80,000,000</u>	_____	<u>\$80,000,000</u>	_____

Explanation of Estimate:

LB644 creates a subaccount under the existing Site and Building Development Fund (SBDF) to be funded by two \$80 million transfers from the Cash Reserve Fund over the next two fiscal years.

This subaccount is to be used to: (1) award up to \$100 million for project located in Nebraska that are expected to have a total employment impact of 250 or more full time employees (FTE) coupled with a capital investment of \$250 million or more (the *mega-projects* level of Imagine Nebraska); (2) provide an additional \$50 million for the regular site and building fund uses outlined in Section 81-12,147(1); and (3) to provide NDED with \$10 million to use to for administration costs and contracts for consulting, engineering, and development studies to identify, evaluate, and develop large commercial and industrial sites. The award is to be competitive and awarded only to political subdivisions, inland port authorities, and non-profits.

Based on experience with the creation of subprograms under already-existing programs, the Department will require the services of 1.0 FTE Attorney II, 1 FTE Economist to assist with economic analyses and evaluation of potential sites, 1 FTE Economic Development Business Consultant I, and 1 FTE Economist Development Business Consultant II. Annual operating costs include \$181,870 for grant management software licensing, \$10,625 for additional rent, and \$2,153,700 for engineering studies.

DED expects that the funds provided in LB644 will be awarded 5%, 15%, 35%, 35%, and 10% in FY2023-24 through FY2027-28, respectively. The bill contains the emergency clause.

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	1.0	1.0	\$75,400	\$78,410
A13910 Economist	1.0	1.0	68,750	71,500
A49011 Econ Dev Bus Consultant I	1.0	1.0	61,820	64,290
A49012 Econ Dev Bus Consultant II	1.0	1.0	66,430	69,090
Total	4.0	4.0	\$272,400	\$283,290
Benefits.....			\$108,960	\$113,320
Operating...(including engineering studies).			2,401,740	2,838,840
Travel.....			27,240	28,330
Capital outlay.....			34,400	0
Aid.....			4,655,260	19,236,220
Capital improvements.....			0	0
TOTAL.....			\$7,500,000	\$22,500,000