

Revised to reflect AM1476

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$80,000,000			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$80,000,000			

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

LB644 with AM1476 strikes the original section and replaces it with the following amendments to the Site and Building Development Fund and the Cash Reserve Fund:

- Creates intent to transfer \$80,000,000 from the Cash Reserve Fund to the Site and Building Development Fund in FY2023-24 and FY2024-25;
- Creates a subaccount within the Site and Building Development Fund, describes the subaccount;
- Enumerates the required and permissive uses of the subaccount;
- Empowers the Department of Economic Development to initiative an audit of entities which receive assistance from this subaccount; and
- Creates a transfer of \$160,000,000 from the Cash Reserve Fund to the Site and Building Development Fund on or after July 15, 2023.

We assume that the \$160,000,000 transfer will take place within FY23-24 and thus is not reflected in the above table. The initial \$80,000,000 appropriation takes place in FY23-24 and is not reflected in the above table. No basis to disagree with the administrative cost provided by the agency.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 644	AM: 1476	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan		DATE: 2/23/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 644 as amended by AM 1476 appears reasonable, except that the estimated allocation of FTE may be somewhat overstated.			

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2024

LB⁽¹⁾ 644 AM 1476

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 02/12/2024 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$7,500,000		\$22,500,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$7,500,000		\$22,500,000	

Explanation of Estimate:

LB644 as amended by AM1476 contains intent language to transfer \$80 million each year from the Cash Reserve Fund to a subaccount in the Site and Building Development Fund (SBDF) in fiscal years 2023-24 and 2024-25. These funds would be earmarked for use in supporting development of large commercial/industrial sites and building infrastructure to attract major investment and employment opportunities. The funds in the subaccount shall be partitioned:

- 15.5% (\$24,800,000) shall be used for large commercial/industrial sites and building infrastructure west of the 100th meridian in Nebraska
- 6% (\$9,600,000) may be used by the DED to hire additional staff, make expenditures for travel, etc.
- 15.5% (\$24,800,000) shall be used by the DED to support projects that currently qualify for SBDF funding
- 63% (\$100,800,000) shall be used for large commercial/industrial sites and building infrastructure east of the 100th meridian. These commercial/industrial sites must be capable of supporting large-scale business development, requiring:
 - Investment in qualified property of at least \$800 million in a city or county in which a city of the metropolitan class is located
 - Investment in qualified property of at least \$200 million in a city or county in which a city of the primary class is located
 - Investment of at least \$10 million in qualified property in a city of the 1st class or county in which a city of the 1st class is the largest municipality
 - Investment of at least \$1.6 million in qualified property in a city of the 2nd class or county in which a city of the 2nd class is the largest municipality
 - Investment of at least \$200,000 in qualified investment in a village or county in which a village is the largest municipality
 - DED may use the subaccount to provide commercial/industrial sites with financial assistance to political subdivisions, inland port authorities, qualified businesses as defined in section 77-6512, or nonprofit organizations. are eligible to receive this financial assistance:

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.

Note: Section six of the amendment should be updated to reflect the intent language to transfer \$160 million. The date of the transfer should be 2024 instead of 2023.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G31112 Attorney II	1.0	1.0	\$76,150	\$76,150
A13910 Economist	1.0	1.0	\$70,840	70,840
A49011 Econ Dev Bus Consultant I	1.0	1.0	\$63,700	63,700
A49012 Econ Dev Bus Consultant II	1.0	1.0	\$68,470	68,470
Total	4.0	4.0	\$279,160	279,160
Benefits.....			\$97,710	97,710
Operating.....			\$247,350	249,500
Travel.....			\$27,920	29,310
Capital outlay.....			\$34,400	
Aid.....			6,809,650	22,825,560
Capital improvements.....				
TOTAL.....			\$7,500,000	\$22,500,000