

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
	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.**

LB375 creates the Grocer Reinvestment Option Act (GRO) which does the following:

- Sets administration of the act within the Department of Economic Development (DED);
- Sets definitions under the act;
- Establishes the Grocer Reinvestment Option Program and establishes the application process and standards for the program;
- Creates the Grocer Reinvestment Option Fund, caps the administrative cost that can be paid out of the fund at 15%, and creates intent to appropriate an undefined amount of money out of the fund;
- Creates reporting requirements of (DED);
- Requires grants to be spent within three years of receipt and allows for recoupment; and
- Allows DED to promulgate rules and regulations under the act.

No basis to disagree with the estimates for admiration of this program based upon an analysis of potential applicants, however any administration costs would be dependent upon the total amount appropriated for aid.

No fiscal impact.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 375	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Ryan Yang	DATE: 1/31/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 375 appears reasonable.		
Technical Note: The bill contains intent language for the appropriation of funds, but no actual dollar amount is given. It is also unclear if there is to be a transfer of a certain fund type to the Grocer Reinvestment Option cash fund to fund the program required in the bill.		

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

2025

LB<sup>(1)</sup> 375

FISCAL NOTE

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

Prepared by: <sup>(3)</sup> Dave Dearmont Date Prepared: <sup>(4)</sup> 1/27/2025 Phone: <sup>(5)</sup> (402) 471-3777

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

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	\$242,030	_____	\$251,260	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$242,030</u>	_____	<u>\$251,260</u>	_____

**Explanation of Estimate:**

LB375 would create the Grocer Reinvestment Option Program in the Department of Economic Development. The program will provide grants to assist with the costs of new investment, technical assistance to apply for federal funding opportunities, technical assistance to transition from a sole proprietorship cooperatives, multi-owner or community-supported business models, or investments to increase wholesale purchasing power. Under the Grocer Reinvestment Option Program, at minimum, any person applying for a grant would need to demonstrate such things as the grocery store being registered with the Secretary of State to do business in Nebraska, the level of need in the store's service area, that the applicant has the capacity to implement projects that would be self-sustaining and that the project is located in a city or village with fewer than 40,000 residents. The bill also gives permission for DED to contract with one or more nonprofit organizations or CDFIs to administer the program. DED would also be required to submit an annual report on the projects beginning October 31, 2025. This report would include a list of applicants and projects funded, their geographic locations, and the new investment attributed to the program overall.

LB375 would also create the Grocer Reinvestment Option Fund for the purpose of making grants and administration of the program. The bill contains intent language to appropriate and unknown number of dollars in FY2025-26 and FY2026-27, and it is not specific as to the agency that would receive the appropriation. Further the bill states that up to 15% of the amount appropriated may be used for administration. The language of the bill does not appear to allow for making the grants to be paid out on a reimbursement basis, which increases the difficulty of underwriting a grant application and obtaining repayment for any non-performing grant applications, which would be repaid to the General Fund.

Because the bill contains no operative date, it is assumed that the bill will become operative in September, and DED would not begin work on the program until the second quarter of FY2025-26. Additional time would be required to staff the program, develop application materials and guidelines, create the grant program in the department's grant management system, and market the funding opportunity. Due to this time lag, DED would not anticipate providing grants under the program until late FY2025-26, some time after the first annual report is due. It is also unclear for how many years reporting on the program would be required

A 2024 study of the availability of healthy and affordable food in Nebraska, concluded that as many as 66 counties contained one or more "food deserts". This implies that there could be as many as 110 applicants for the program. Based on this estimate, the provisions of LB375 will require the services of an Economic Development Manager, an Economic Development Consultant I and an IT Database Analyst to create the application and grant management system. Operating costs include \$17,050 for grant management software and licenses and 7,460 for leased office space, annually. This estimate will fit within the 15 percent maximum administrative costs allowed under LB375, provided that approximately \$2 million per year is appropriated for this program.

The bill as drafted, creates a cash fund but does not appear to transfer funds to the cash fund.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G49550 Econ. Dev Manager	0.75	1.00	\$52,920	\$70,560
A49011 Econ Dev Bus Consultant I	0.75	1.00	46,410	61,880
A07051 IT Data/Database Analyst	0.50	0.25	36,930	18,460
Total	2.00	2.25	\$136,260	\$150,820
Benefits.....			\$47,690	\$52,820
Operating.....			27,250	31,850
Travel.....			13,630	15,850
Capital outlay.....			17,200	0
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$242,030</b>	<b>\$251,260</b>