

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revision per AM 2141

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	(12,730,933)	22,500,000	0	0	9,769,067
FY2027-2028	(12,730,933)	22,500,000	0	0	9,769,067
FY2028-2029	(12,730,933)	22,500,000	0	0	9,769,067
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	22,500,000	0	0	22,500,000
FY2027-2028	0	22,500,000	0	0	22,500,000
FY2028-2029	0	22,500,000	0	0	22,500,000

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

AM 2141 replaces the original provisions of the bill and also incorporates LB 747, LB 864, LB 1015, and LB 1173 as amended. LB 847, as amended by AM 2141, amends acts involving the Nebraska Department of Labor (NDOL) and Nebraska’s Department of Economic Development (DED).

LB 847 establishes the Nebraska Office of Registered Apprenticeship as a State Apprenticeship Agency within the NDOL, and allowing for more funds to be used for workforce development.

LB747 establishes uniform enforcement authority across multiple programs managed by NDOL. LB747 updates youth employment certificate procedures, wage payment and employee classification enforcement, and contractor registration requirements. It updates processes, clarifies employer responsibilities, and removes duplicative filing requirements in the administration of employment certificates for minors.

LB864 transfers responsibility for awarding and disbursing grants under the Intern Nebraska workforce development program from the DED to NDOL.

LB 1015 creates the Business Innovation Cash Fund and creates the mechanism to provide funding for the Business Innovation Act (BIA).

LB 1173 renames the Contractor and Professional Employer Organization Registration Cash Fund; issues an annual filing fee under the Employment Security Law to fund the Fund; and changes the permitted uses of the Fund.

There are two funding mechanisms provided for in LB 847 as amended by AM 2141:

- Impacting the NDOL: employers who file quarterly wage reports will pay an annual fee of no more than \$250. They will pay on a graduated basis, driven by gross wages paid (sec. 13), and will be credited to the Contractor, Business, and Professional Employer Organization Registration Cash Fund. The increase in cash fund revenues can be utilized by the department to reduce General Funds used by Public Protection (Prog. 194), and offset the reduction in Federal Funds by the Division of Employment (Prog. 031). For Public Protection, this means a General Fund reduction of \$779,383, and an increase to Cash Fund spending authority of \$1,000,000. For the Division of Employment, replacing lost Federal Funds requires a \$2,500,000 increase in Cash Fund spending authority. These appropriations changes begin in FY27.
- Impacting both NDOL and DED: The percentage of combined state unemployment insurance taxes collected that can be used for workforce development purposes would be increased. Currently, 20% of combined state unemployment insurance taxes are routed to the Workforce Development Cash Fund. With the passage of LB 847, a new cash fund would be created, the Business Innovation Cash Fund, to be housed in the DED. Also, the percentage of funds routed from the state unemployment insurance taxes could be increased to up to 50%. These revenues would be split among the Workforce Development Cash Fund and the Business Innovation Cash Fund (BIA Cash Fund). The Commissioner of Labor would receive reports from the DED to estimate (a) the grants-related needs which would determine the percentage rate, and (b) the total dollars that would be allocated among the two Cash Funds.

The portion of funds routed to the Workforce Development Cash Fund would be spent by the NDOL to award Workforce Development grants. Up to \$4,000,000 per year in incremental aid would be used for grants of up to \$500,000 each.

The funds routed to the BIA Cash Fund would be used by the DED for aid programs as defined in the amended Business Innovation Act. The total Cash Fund requirement per year, starting with FY27, is estimated at \$15,000,000 (\$13,900,000 for aid, \$1,100,000 for operations). Section 35 of AM 2141 includes intent to appropriate \$15,000,000 per year starting FY28. These amounts are expected to be fully supported by the cash inflows routed to the BIA Cash Fund. Due to cash fund revenues allocated to the BIA Cash Fund, the current General Fund appropriations can be reduced by \$11,951,550 (\$11,020,352 for aid, \$931,198 for operations) to \$0 and replaced with a cash fund appropriation.

The chart below summarizes the total proposed changes to General and Cash fund appropriations for both agencies. There is no change to PSL as there are no changes to staffing with LB847.

Dept of Economic Development	General Funds	Cash Funds	Cash Fund Name	Usage
Operations	(931,198)	1,100,000	Bus. Innovation	Salaries, Ops

Aid	(11,020,352)	13,900,000	Bus. Innovation	BIA grants
DED Subtotal	(11,951,550)	15,000,000		
Dept. of Labor				
Operations	(779,383)	3,500,000	Contractor/PEO	Salaries, Ops
Aid		4,000,000	Workforce Dev.	WFD grants
NDOL Subtotal	(779,383)	7,500,000		
GRAND TOTAL	(12,730,933)	22,500,000		

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2026

LB⁽¹⁾ 847AM2141

FISCAL NOTE

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

Prepared by: ⁽³⁾ Stacey Parr Date Prepared: ⁽⁴⁾ 03/10/2026 Phone: ⁽⁵⁾ (402) 471-3834

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB847AM2141 as it pertains to the Department of Economic Development creates the Business Innovation Cash Fund to finance programs authorized under the Business Innovation Act, excluding the Bioscience Innovation Program. The fund will be supported by a portion of state unemployment insurance tax deposits, in an amount designated by the Commissioner of the Department of Labor on or before December 31 of each calendar year based on information provided to the Commissioner pursuant to a memorandum of understanding with the Department of Economic Development (DED). The bill authorizes DED to use up to five percent of any appropriation from the fund for administrative expenses. DED will require an increase in cash funding to the Department in the amount of \$15 million, of which \$13.9 million will be aid and \$1.1 million for operations, to implement the programs under the Business Innovation Act.

LB847AM2141 also requires that any recipients of financial assistance under the Business Innovation Act who employ one or more individuals in Nebraska submit quarterly wage reports to the Department of Labor as condition of receiving assistance.

Based on the current language, DED does not expect any change with current administrative resources.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2026

LB⁽¹⁾ 847 AM2141

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Nebraska Department of Labor

Prepared by: Rea Easton
⁽³⁾

Date Prepared: 03/06/2026
⁽⁴⁾

Phone: 402-416-6809
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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	4,800			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	4,800			

Explanation of Estimate: There are approximately 3,250 contractors who are currently exempted from paying registration fees. The repeal of the contractor registration exemption will result in approximately \$81,250 in additional fees. A one-time expense of \$4,800 will be necessary to remove the contractor fee registration exemption from NDOL's online application/renewal system.

Employer wage reports are federally required under 42 U.S.C.A. §§ 503(f) and 1320b-7 as part of the unemployment insurance system. Under Neb. Rev. Stat. § 48-648, the Commissioner of Labor may require employers subject to the Nebraska Employment Security Law (NESL) to submit wage reports in the form and manner prescribed.

This bill would amend the NESL to allow the Commissioner of Labor, by rule and regulation, to establish and collect an annual filing fee. All fees collected would be deposited into the Contractor and Professional Employer Organization Registration Cash Fund (to be renamed). The bill also clarifies that this fund may be used to administer Nebraska's unemployment insurance program, programs enforced by the Department's labor standards division, and workforce development grants. The revenue impact is indeterminate since rules and regulations would still need to be established.

Revenue from these funds supports the agency's appropriation. Cash spending authority would be required for Program 031 – Division of Employment, in the amount of \$2,500,000, and Program 194 – Division for Protection of People and Property, in the amount of \$1,000,000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27 EXPENDITURES</u>	<u>2027-28 EXPENDITURES</u>
	<u>26-27</u>	<u>27-28</u>		
Benefits.....				
...				
Operating.....				
....				
Travel.....				
.				
Capital outlay.....				
Aid.....				
.				
Capital improvements.....				
TOTAL.....			4,800	

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 847 AM: 2141 AGENCY/POLT. SUB: Department of Economic Development (DED)

REVIEWED BY: Ryan Yang DATE: 3/12/2026 PHONE: (402) 471-4178

COMMENTS: The DED assessment of fiscal impact from LB 847 appears reasonable.

Technical Note: LB 847 impacts DED's appropriations concerning the Business Innovation Act (BIA). Since LB 847 creates a new cash fund for the Act and allocates revenue for those purposes, the Department has noted that a \$15 million cash fund appropriation increase would be required to administer the BIA programs.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 847 AM: 2141 AGENCY/POLT. SUB: Nebraska Department of Labor

REVIEWED BY: Ryan Yang DATE: 3/10/2026 PHONE: (402) 471-4178

COMMENTS: The Department of Labor assessment of no fiscal impact from LB 847 appears reasonable.