

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
CASH FUNDS	0	1,500,000	0	1,500,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(1,500,000)	0	(1,500,000)	0

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

LB 1055 would establish the Intern Nebraska Cash Fund, to be used to fund internship grants pursuant to Sections 81-1210.01 to 81-1210.03. It would also provide that the Intern Nebraska Cash Fund receive \$1,500,000 General Funds each biennium and the Business Innovation Act in the Department of Economic Development be reduced by \$1,500,000 beginning in FY18-19.

Currently the funding for the internship program is a part of the Job Training Cash Fund, and up to \$1,500,000 may be allocated to the program on an annual basis. LB 1055 provides that on the effective date of the act, any funds that were dedicated to the internship program, but not yet expended, shall be transferred to the Intern Nebraska Cash Fund. The Department of Economic Development estimates that approximately \$735,000 would be transferred from the Job Training Cash Fund to the Intern Nebraska Cash Fund.

Assuming that \$1,500,000 General Funds would be transferred to the Intern Nebraska Cash Fund on an annual basis, and the General Funds appropriated to the Business Innovation Act are reduced by \$1,500,000 annually, there would be no net General Fund impact to the Department of Economic Development. There would be no net increase in cash fund expenditures because the current Job Training Cash Fund expenditure authority includes the internship program.

There would be a decrease in General Fund expenditures for the Business Innovation Act Program. Currently, \$6,860,000 General Funds are earmarked for Business Innovation Act state aid in FY17-18. (Note: The Governor’s budget recommendation proposes to decrease Business Innovation Act state aid funding by \$125,424 General Funds in FY17-18 and \$250,848 General Funds in FY18-19.)

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1055	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 2/6/2018	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB1055.		

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2018

LB⁽¹⁾ 1055

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Rippe Date Prepared: ⁽⁴⁾ 1/23/2018 Phone: ⁽⁵⁾ 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		(\$1,500,000)		(\$1,500,000)
CASH FUNDS		\$1,500,000		\$1,500,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$0		\$0

Explanation of Estimate:

LB1055 creates the Intern Nebraska Cash Fund for the purpose of funding internship grants under sections 81-1210.01 to 81-1210.03. The bill requires the transfer of funds dedicated to the Intern Nebraska program currently residing in the Job Training Cash Fund to the Intern Nebraska Cash Fund.

LB1055 contains intent language for an annual \$1.5 million reduction in General Fund support from DED's Business Innovation Act (BIA). The bill also contains intent language for an annual transfer of \$1.5 million from the General Fund to the Intern Nebraska Cash Fund.

Currently, the intern and job training grants paid from the Job Training Cash Fund. LB1055 will formally separate funding for the two programs. It is estimated that \$735,000 will be transferred from the Job Training Cash Fund to the Intern Nebraska Cash Fund on the operative date of LB1055. The bill contains the emergency clause, implying that the transfer between the two cash funds will occur in FY2017-18.

To the extent that the grants awarded under the BIA are used to leverage federal grants and loans, small and startup businesses in Nebraska will reduce operating capital by more than the proposed reduction in BIA funding.

The Department of Economic Development will have minimal costs due to the provisions of LB1055.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				