

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below		See Below	
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB40, known as the Nebraska Rural Projects Act would create the Nebraska Rural Projects Fund for nonprofit economic development corporations for the purpose of developing infrastructure. The Nebraska Rural Projects Fund would be administered by the Nebraska Department of Economic Development (DED). Nebraska Rural Project Funds would come from individual donors, income tax exempt organizations, nongovernmental organizations, and federal, state, or local government funds. In addition, a \$1,000 non-refundable fee is excised upon applicants, which is remitted to the State Treasurer for credit to Nebraska Rural Projects Fund.

The Nebraska Rural Projects Fund would match project funds on a dollar-per-dollar basis, with the maximum funds not exceeding \$10 million. Should the Nebraska Rural Projects Fund be funded exclusively through General Fund transfers and total grants be awarded, impact to the General Fund would be the administration costs in addition to the \$5 million grant awards.

DED estimates costs for FY21-22 to be \$284,370 and \$97,450 for FY22-23. We have no reason to dispute their estimate.

Revenues into the Nebraska Rural Projects Fund would be dependent upon the number of applicants and are indeterminable.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 40	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan		DATE: 2/16/2021	PHONE: (402) 471-4179
COMMENTS: The revised Department of Economic Development assessment of fiscal impact from LB 40 appears reasonable.			

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

**2021**

**LB<sup>(1)</sup> 40 Revised**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Anthony Goins Date Prepared: <sup>(4)</sup> 1/22/21 Phone: <sup>(5)</sup> 402-471-3777

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

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$5,000,000		\$5,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$5,000,000</b>		<b>\$5,000,000</b>	

**Explanation of Estimate:**

LB40 creates the Nebraska Rural Projects Act, which would allow a nonprofit economic development corporation to apply to the Department of Economic Development (DED) for matching funds to develop new industrial rail access business parks. The dollar for dollar match from the state could be used for project expenses including site acquisition and preparation, utility extensions and rail spur construction. Applications for the program are on a first come first served basis, and the act sunsets to new applications on December 31, 2022.

Matching funds may be paid out for up to five years—or until all matching funds have been paid. Matching funds are paid on a dollar-for-dollar basis and cannot be paid until private funds are received. The maximum grant under the program is \$10 million. LB40 also contains reporting, and monitoring requirements for the Department.

LB40 creates the Nebraska Rural Projects cash fund for DED, the bill suggests that \$10 million may be appropriated under the act, but there is no transfer of funds to the cash fund. For purposes of this fiscal note we assume that half the aid will be distributed in the first year and half in the second year. The bill suggests that application fees could become part of the cash fund, but no specific fee is mentioned; however, application fee revenue would not be sufficient to fund administration of the program.

The provisions of LB40 would result in additional responsibilities for the Department. The Department expects the need for an additional Financial Packager to track and approve the matching payments for the program. In addition, it is expected that there will be one-time costs of \$200,000 for OCIO costs to develop and application for the program and for licensing fees and development costs for the department’s grant management software.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49280 Econ. Dev. Fin. Packager	0.75	1.00	\$44,570	\$60,910
Benefits.....			17,830	24,360
Operating.....			208,910	12,180
Travel.....			4,460	6,090
Capital outlay.....			8,600	0
Aid.....			4,715,630	4,896,460
Capital improvements.....			0	0
<b>TOTAL.....</b>			<b>\$5,000,000</b>	<b>\$5,000,000</b>