

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$233,190		\$229,230	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$233,190		\$229,230	

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

LB 594 would create the Rural Workforce Crisis Act. LB594 would give the Director of Economic Development discretion in waiving, altering, or modifying the education, licensing, and supervision requirements for individuals performing tasks necessary for construction of a qualified project. The conditions in which the director shall utilize this discretion are when:

- When the taxpayer proves evidence to demonstrate:
 - There is an insufficient workforce within a fifty-mile radius of construction to complete all or some of the construction; and
 - The size, scope, and timeframe for completion of the qualified project is not unreasonable; and
- The waiver, alteration, or other modification will not impact the compliance of the real property with applicable building codes.

Upon receiving the request for a waiver the director must provide notice of the request and the relevant evidence submitted by the taxpayer to the regulatory authority. The regulatory authority must respond to the request within 30 days and the taxpayer shall have at least 14 days to respond.

LB594 grants the director additional oversight authority over projects and may consider adding additional factors such as:

- Training and education of licensed individuals;
- The nature and scope of the work performed by the licensed individuals;
- Training and education opportunities provided as part of the qualified project; and
- The nature of the qualified project.

There is an administrative burden attached to administration of waivers for projects. The Department of Economic Development estimates that this legislation would require the hiring of an Attorney II and an Economist at a cost of \$233,190 for FY21-22 and \$229,230 for FY22-23. The estimates provided seem reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 594	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 2/25/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 594 appears reasonable.		

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

2021

LB⁽¹⁾ 594

FISCAL NOTE

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

Prepared by: ⁽³⁾ Anthony Goins Date Prepared: ⁽⁴⁾ 2/22/2021 Phone: ⁽⁵⁾ 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	\$233,190		\$229,230	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$233,190</u>		<u>\$229,230</u>	

Explanation of Estimate:

LB594 adopts the Rural Workforce Crisis Act. The act would give the director of DED the authority to waive, alter, or otherwise modify the education, licensing and supervision requirements for individuals performing tasks necessary for the construction of a qualified project. A qualified project is defined as an investment that meets the requirements to earn tax credits through a State of Nebraska Incentive program.

To qualify for the waiver, a taxpayer must provide evidence to demonstrate that there is an insufficient workforce within a 50-mile radius of construction to complete all or some of the construction, that the size, scope, and timeframe of the project is not unreasonable, and that the waiver will not impact compliance with building codes.

Upon receipt of a request, DED must provide notice of the request to the regulatory authority whose requirements might be waived. The director may also impose additional requirements and oversight to ensure worker and real property safety. The department may promulgate rules and regulation in compliance with APA and prescribe any forms necessary to carry out the act.

It is unknown how many projects could qualify for relief under the provisions of LB594; however, it appears that nearly any taxpayer engaged in businesses except for retail and personal services could have a construction project that would qualify. DED would require the services of an Attorney II for work on regulatory notices and draft waivers, and an Economist to assist the Director in understanding labor shortages in rural areas and research licensing requirements and skill and education requirements of different licensed occupations.

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>
A31112 Attorney II	0.75	1.00	\$50,750	\$69,350
A139102 Economist	0.75	1.00	49,830	65,490
Benefits.....			40,230	53,940
Operating.....			20,120	26,970
Travel...(including vehicle)			55,060	13,480
Capital outlay.....			17,200	0
Aid.....				
Capital improvements.....				
TOTAL.....			\$233,190	\$229,230