

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	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.

LB729 creates the Quick Action Closing Fund Act and the Quick Action Closing Fund within the Department of Economic Development. The Quick Action Closing Fund Act sets definitions for eligible businesses, guidance for the director’s recommendations of businesses to receive funds, and reporting requirements by the Department of Economic Development.

The Quick Action Closing Fund Act also sets a review process by the Governor and requires gubernatorial approval of projects recommended by the Department of Economic Development. Fund expenditures are required to be made public.

The Governor’s Office estimates no fiscal impact as a result of this legislation. We have no basis to disagree.

The Department of Economic Development’s estimates are based an assumption of several qualifying projects with each project in the \$400 - \$500 million. We have no basis to disagree with the Department of Economic Development’s estimates in administering the program should the program resemble their assumptions as provided.

The provisions of LB 729 are discretionary, and as such, the bill has no fiscal impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 729	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond	DATE: 1/21/2022	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 729.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 729	AM:	AGENCY/POLT. SUB: Governor’s Office	
REVIEWED BY: Patrick Redmond	DATE: 1/10/2022	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Governor’s Office assessment of no fiscal impact from LB 729.			

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

2022

LB⁽¹⁾ 729

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 1/14/2122 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$288,760		\$272,220	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$288,760</u>		<u>\$272,220</u>	

Explanation of Estimate:

LB729 would create a discretionary incentive program called the Quick Action Closing Fund Act, which would allow the Governor, upon the recommendation of the DED director, to approve funds for purposes of economic development and related infrastructure construction if their use would likely be a determining factor in locating a “high-impact business project or facility” in the state, or in retaining such project or facility within the state. DED would be required to conduct a complete analysis of a project’s impact on the state.

In order for a project to qualify, the activity must, at minimum, be engaged in a business activity that would qualify under the ImagiNE Nebraska Act. However, the term “high-impact business project or facility” is not defined. The bill creates a new cash fund in DED, the Quick Action Closing Fund, but there is no indication of how large this fund would be. The cost to administer the act depends upon how the fund is intended to operate. On one hand, if it is intended to help close very large projects of the type that would require a mega-site, there would likely only be one to two projects in a biennium, if it is intended to include more modest projects, on the order of \$400 to \$500 million, there would be several candidates annually. Assuming the latter, DED would require the services of an economist to complete the expanded economic impact analyses outlined in LB769, and an Economic Development Business Consultant II to work with the businesses on collecting data, additional reporting, and grant management. The provisions that require that the recommendation to the Governor only include projects that result in new jobs, investment in new real property, and additional tax revenue would require the purchase and use of a tax policy modeling tool which is estimated to be approximately \$88,500 with ongoing licensing of \$28,500.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A13910 Economist	0.75	1.00	\$48,430	\$66,180
A49012 Econ Dev Bus Consultant II	0.75	1.00	46,810	63,980
Benefits.....			38,100	52,060
Operating.....			128,700	77,000
Travel.....			9,520	13,000
Capital outlay.....			17,200	0
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$288,760</u>	<u>\$272,220</u>

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2022

LB⁽¹⁾ 729

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Governor's Office – Agency 07

Prepared by: ⁽³⁾ Lauren Kintner Date Prepared: ⁽⁴⁾ January 7, 2022 Phone: ⁽⁵⁾ 402-471-2414

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 729 creates no fiscal impact for the Governor's Office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____