

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

### ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	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.

LB536 would create the Manufacturing Modernization Pilot Investment Act (MMPIA), sets purpose of the act, sets definitions under the act, establishes a grant period from 10/1/25 – 11/1/25, sets requirements for the application of the grant, sets requirements for the Department of Economic Development to approve or deny grants, caps the grant awards at \$250,000, creates the Manufacturing Modernization Pilot Investment Fund, creates intent to appropriate an undefined amount of money from the fund, allows the Department of Economic Development to promulgate rules and regulations under the act, and declares an emergency.

No basis to disagree with the Department's basis for administrative cost estimate, should appropriations be provided, as formulated from potential industry demand.

Technical note: LB536 creates an undefined amount of appropriation from the Modernization Pilot Investment Fund, however there is no funding source identified for the fund. As such, we assume any appropriation for the program would be General Funds.

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

LB: 536      AM:      AGENCY/POLT. SUB: Department of Economic Development

REVIEWED BY: Ryan Yang      DATE: 2/7/2025      PHONE: (402) 471-4178

COMMENTS: Concur with the Department of Economic Development assessment of fiscal impact from LB 536.

Technical Note: The bill currently has no language indicating a transfer of funds to the Modernization Pilot Investment Fund as created in LB 536. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804. However, the lack of transferred funds makes it difficult to determine how much should be spent on grants under this program.

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2025

LB<sup>(1)</sup> 536

FISCAL NOTE

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

Prepared by: <sup>(3)</sup> Dave Dearmont Date Prepared: <sup>(4)</sup> 1/23/2025 Phone: <sup>(5)</sup> (402) 471-3777

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

	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
	<b><u>EXPENDITURES</u></b>	<b><u>REVENUE</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>REVENUE</u></b>
GENERAL FUNDS				
CASH FUNDS	\$209,130		\$201,690	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$209,130</u>		<u>\$201,690</u>	

**Explanation of Estimate:**

LB536 creates the Manufacturing *Modernization Pilot Investment Fund* which is to provide one-time grants of up to \$250,000 to manufacturing firms that provide 1-to-1 matching funds towards a project that will increase the adoption rate of advanced technologies into its production process. The bill contains intent language to appropriate an unknown number of dollars to provide modernization grants. However, it appears that the bill does not transfer funds to the new cash fund.

Eligible firms demonstrate match, operate under a NAICS code that lies between 31 and 33, have been under operation for at least three years, employ a minimum of three full time employees, and realize 51% of its gross revenue from sales of its manufactured goods. There are over 2,000 businesses in Nebraska meeting the NAICS criteria with more than five employees. It is assumed that 10 to 15 percent of these firms could apply for the grant within the application window.

Based on 200-300 applications, administering the program would require the services of 0.25 FTE Attorney II to assist with contracts and rules and regulations, 1.0 FTE Economic Development Business Consultant II to manage the program, 0.5 FTE Accountant III to process payments, and 0.25 FTE IT Data/Database Analyst to create the grant management application. Operating costs include \$5,230 for additional leased space.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b><u>POSITION TITLE</u></b>	<b><u>NUMBER OF POSITIONS</u></b>		<b><u>2025-26</u></b>	<b><u>2026-27</u></b>
	<b><u>25-26</u></b>	<b><u>26-27</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
G31112 Attorney II	0.25	0.25	\$18,490	\$18,490
A49012 Econ Dev Bus Consultant II	1.00	1.00	66,520	66,520
A19013 Accountant III	0.25	0.50	18,060	36,120
A07051 IT Data/Database Analyst	0.25	0.00	18,460	0
Total	1.75	1.75	\$121,530	\$121,130
Benefits.....			42,540	42,400
Operating.....			24,310	25,440
Travel.....			12,150	12,720
Capital outlay.....			8,600	0
Aid.....			0	0
Capital improvements.....			0	0
TOTAL.....			\$209,130	\$201,690