

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	0	0	0	SEE BELOW
FY2027-2028	SEE BELOW	0	0	0	SEE BELOW
FY2028-2029	SEE BELOW	0	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

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

LB1152 would create the New Taxpayer Recruitment Grant Act which would do the following:

- Set definitions under the act;
- Allows qualified applicants beginning on July 15 of each fiscal year to apply to the Department of Economic Development (DED) for a grant, describes the application;
- Requires DED to award grants under the act to applicants with approved applications;
- Sets qualifications to receive grants under the act;
- Requires DED to consider applications in the order they are received, requires approval and notification of the approval within thirty days of receiving the application. Permits DED to approve applications within the limits of available appropriations, caps the grant application at not more than \$250,000 in total grants per fiscal year;
- Requires DED to disburse 50% of a grant to the grant applicant upon initial award and the remainder upon the applicant reporting to DED that it has successfully met half of the household goal stated in the new taxpayer recruitment program plan. If the grant applicant fails to meet half of such goal, DED is to not disburse the remaining amount of the grant and such remaining amount shall be re-awarded to other grant applicants with approved applications;
- Sets requirements for an application submitted by a household to the grant recipient;
- Creates semiannual reporting requirements from grant recipients to DED;
- Permits grant applicants to utilize resources available to it to fulfill their incentive programs;
- Creates the New Taxpayer Recruitment Grant Cash Fund, sets the use of the fund and receipts; and
- Allows for DED to promulgate rules and regulations to carry out the New Taxpayer Recruitment Grant Act.

No basis to disagree with the Department's estimate for administration of the act. It is unclear if subsection 5 of section 3 creates sufficient discretion for the Department to limit awards to appropriations. If awards are not limited to appropriations, we have no basis to disagree with the Department of Economic Development's estimate of \$18,500,000 General Funds per fiscal year for state aid.

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

LB: 1152 AM: AGENCY/POLT. SUB: Department of Economic Development (DED)

REVIEWED BY: Ryan Yang DATE: 2/6/2026 PHONE: (402) 471-4178

COMMENTS: The DED assessment of fiscal impact from LB 1152 appears reasonable.

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

2026

LB⁽¹⁾ 1152

FISCAL NOTE

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

Prepared by: ⁽³⁾ Kob Kitcharoen Date Prepared: ⁽⁴⁾ 01/22/25 Phone: ⁽⁵⁾ (402) 471-3741

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$18,500,000		\$18,500,000	
CASH FUNDS	\$130,250			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$18,630,250</u>		<u>\$18,500,000</u>	

Explanation of Estimate:

LB1152 creates the New Taxpayer Recruitment Grant Act to be administered by the Department of Economic Development and confers permissive authority for the Department to promulgate rules and regulations to carry out the Act.

LB1152 requires the Department to receive applications and award grants to further the recruitment programs designed to incentivize households to locate to Nebraska from locations outside of the state. Applications can be submitted by cities, counties, Indian tribes or bands in Nebraska, or nonprofit organizations (“Grant Applicants”). Grant Applicants must demonstrate the ability to contribute funding equal to at least 20% of the total cost of the recruitment program. The Department must consider applications in the order received and make determinations within 30 days of receipt. Grants are capped at \$250,000 per Grant Applicant per fiscal year. Fifty percent of the grant award is disbursed as an advancement, and the remainder is disbursed when the Grant Applicant demonstrates it has met half of the household recruitment goal specified in the program plan. Grant Applicants must submit semiannual reports to the Department. Grant Applicants may utilize revenue generated from sales tax, inheritance tax, fees, Local Option Municipal Economic Development Act funds, federal funding, and private donations or services to satisfy its 20% local funding obligation.

Households from outside Nebraska may apply to approved Grant Applicants to take advantage of the new taxpayer recruitment program grant funds. Households must demonstrate annual household income of at least \$55,000.00 to be eligible for the incentives.

Section 3 paragraph (2) states: “[e]ach fiscal year, the department shall award grants under the [Act]” Paragraph (5) provides, in part, “[t]he department shall consider applications in the order in which they are received. If a grant qualifies the department shall approve the application. . . .” Paragraph (5) further provides “[t]he Department may approve applications within the limits of the available appropriations for such purpose.” Section 7 creates the New Taxpayer Recruitment Grant Cash Fund which shall be used to finance grants under the Act. As currently drafted, it is unclear if there is discretion to fund grants only up to the appropriated amount or the amount appropriated to the grant cash fund. If there is no discretion, DED believes there will be a minimum fiscal impact of \$18.5 million to the general fund. The estimate was calculated using the State-to-County Migration Flow data (2018-2022). DED identified the top 30 counties with the highest migration counts and assumed that one family relocates to a city within each of those counties. DED also assumed that each family applies for the maximum grant amount of \$250,000. There are in total of 74 cities (excluding villages) for the top 30 countries.

DED anticipates the need for 1 FTE Economic Development Consultant II to implement and manage the New Taxpayer Recruitment Grant Act.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Econ. Dev. Bus. Consultant II	1.00		\$68,015	
Benefits.....			23,805	
Operating.....			23,029	
Travel.....			6,801	
Capital outlay.....			8,600	
Aid.....			\$18,500,000	\$18,500,000
Capital improvements.....				
TOTAL.....			\$18,630,250	\$18,500,000