

Revised for the 108th Legislature, 2nd Session

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	
FEDERAL FUNDS				
OTHER FUNDS		See below		
TOTAL FUNDS	See below	See below	See below	

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

LB644 creates intent to transfer a total of \$160,000,000 from the Cash Reserve Fund to the Site and Building Development Fund with intent to transfer \$80,000,000 in FY2023-24 and \$80,000,000 in FY2024-25. LB644 makes the following changes to the Site and Building Development Fund:

- Creates a subaccount with the Site and Building Development Fund;
- Creates eligible uses for funds within the subaccount;
- Allows for up to \$5,000,000 FY2023-24 and up to \$5,000,000 to be used on agency operations in FY2024-25;
- Allows for up to \$25,000,000 to be used in FY2023-24 and up to \$25,000,000 in FY2024-25 to be used on projects described as eligible uses of the subaccount of the Site and Building Development Fund.

Transfers for FY2023-24 fiscal year are not included in the above table.

The Department's estimates appear reasonable.

The agency does not assume any salary or benefits increases for FY25-26 for the additional personnel needed pursuant to this bill's provisions. While the actual salary and health insurance increases for FY25-26 and thereafter are not yet determined, it is important to note that any additional personnel in FY24-25 will have ongoing rising costs associated with salary and health insurance increases, which are normally addressed in the biennial budget process for all bargaining and non-bargaining employees.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 644	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 12/18/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 644 appears mostly reasonable. A transfer of \$160 million to the Site & Building Development Fund would be anticipated in FY 2024-25. The estimated allocation of FTE may be somewhat overstated.		

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2024

LB⁽¹⁾ 644

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 12/16/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$80,000,000		\$80,000,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$80,000,000		\$80,000,000	

Explanation of Estimate:

LB644 creates a subaccount under the existing Site and Building Development Fund (SBDF) to be funded by two \$80 million transfers from the Cash Reserve Fund over the next two fiscal years. This subaccount is to be used to: (1) award up to \$100 million for project located in Nebraska that are expected to have a total employment impact of 250 or more full time employees (FTE) coupled with a capital investment of \$250 million or more (the *mega-projects* level of Imagine Nebraska); (2) provide an additional \$50 million for the regular site and building fund uses outlined in Section 81-12,147(1); and (3) to provide NDED with \$10 million to use to for administration costs and contracts for consulting, engineering, and development studies to identify, evaluate, and develop large commercial and industrial sites. The award is to be competitive and awarded only to political subdivisions, inland port authorities, and non-profits.

Based on experience with the creation of subprograms under already-existing programs, the Department will require the services of 1.0 FTE Attorney II, 1 FTE Economist to assist with economic analyses and evaluation of potential sites, 1 FTE Economic Development Business Consultant I, and 1 FTE Economist Development Business Consultant II. Annual operating costs include \$181,870 for grant management software licensing, \$11,940 for additional rent, and \$2,300,500 for engineering studies.

DED expects that the funds provided in LB644 will be awarded 5%, 15%, 35%, 35%, and 10% in FY2024-25 through FY2028-29, respectively. No wage and salary increases are assumed in the next biennium. The bill contains the emergency clause.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024-25	2025-26
	24-25	25-26	EXPENDITURES	EXPENDITURES
G31112 Attorney II	1.0	1.0	\$76,150	\$76,150
A13910 Economist	1.0	1.0	70,840	70,840
A49011 Econ Dev Bus Consultant I	1.0	1.0	63,700	63,700
A49012 Econ Dev Bus Consultant II	1.0	1.0	68,470	68,470
Total	4.0	4.0	\$279,160	\$279,160
Benefits.....			93,050	93,050
Operating.....			2,566,810	2,683,830
Travel.....			27,920	29,310
Capital outlay.....			34,400	
Aid.....			\$4,998,660	\$20,914,650
Capital improvements.....				
TOTAL.....			\$8,000,000	\$24,000,000