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LB 387

Revision: 01

Revised based upon General File amendments

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	5,564,078		5,564,078	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	5,564,078		5,564,078	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 387 as amended would establish the Business Innovation Act. The Department of Economic Development would be directed to establish programs in the following categories, with accompanying expenditure limits:

- Grants to small businesses that qualify under the federal Small Business Innovation program. Program limit: \$1,000,000 per year.
- Grants for an innovation in value-added agriculture program. Program limit: \$1,000,000 per year.
- Grants to businesses employing no more than 500 people or to individuals for the purpose of creating a prototype stemming from research and development at a business headquartered in Nebraska or a public or private higher educational institution in Nebraska. Program limit: \$1,000,000 per year.
- Grants to businesses employing no more than 500 people or to individuals for the purposes of commercializing a prototype of a product or process. Program limit: \$2,000,000 per year.
- Financial assistance to businesses headquartered in Nebraska that use the faculty or facilities of a public college or university in Nebraska for applied research and development of new products or use intellectual property generated at a public college or university. Program limit: \$3,000,000.
- A small business investment program to provide microloan delivery grants. Program limit: \$1,000,000.

LB 387 states in legislative intent that \$7,000,000 General Funds be appropriated in FY11-12 and FY12-13. The Department of Economic Development states that it would incur additional operating expenses to administer the above programs. The agency estimates \$110,000 in annual administrative costs, including hiring 2 FTE staff positions.

The Building Entrepreneurial Communities Act, the Agricultural Opportunities and Value-Added Act and the Microenterprise Development Act would all be repealed under the provisions of LB 387.

The repeal of the above acts and the reallocation of other funding sources in DED, as proposed in the Governor's budget recommendation, would result in the following:

\$7,000,000	General Funds to be used for Business Innovation Act grants
\$ (989,650)	Savings from eliminating the Building Entrepreneurial Communities Act and the Agricultural Opportunities and Value-Added Act
\$ (463,172)	Savings from eliminating the Microenterprise Development Act
\$ (93,100)	Savings proposed by Governor as a result of eliminating the Main Street Program in DED
\$ 110,000	DED administrative expenses for LB 387 programs
\$5,564,078	Net General Fund impact