

Updated for the 2022 Session.

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	\$268,820		\$328,960	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$268,820		\$328,960	

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

LB 450 would create the Nebraska Innovation Hub Act to be administered by the Nebraska Department of Economic Development. The act would allow for the Department to designate "iHubs". A designated iHub must include:

- At least one major university or research center or institution;
- At least one economic development organization; and
- At least four additional members.

The Department shall oversee, coordinate, and provide assistance to each iHub, in addition to setting guidelines for approval, designation, operation, reporting, and re-designation of iHubs. An iHub may do all of, but shall not be limited to, the following:

- Provide counseling and technical assistance, either by direct or indirect services, in the areas of entrepreneurial business planning and management, financing, and marketing for small businesses;
- Provide expert advice to entrepreneurs on starting a business, including legal requirements for starting a business and access to financing opportunities;
- Conduct business workshops, seminars, and conferences with local partners including, but not limited to, universities, community colleges, local governments, state and federal service providers, private industry, workforce investment boards and agencies, small business development centers, microenterprise development organizations, small business service agencies, economic development organizations, and chambers of commerce; and
- Facilitate partnerships between innovative startup businesses, research institutions, and venture capitalists or financial institutions.

There will be administrative costs associated with oversight and administration of iHubs, in addition to supporting iHubs through education and coordination of assets. LB 450 does not outline a funding source within the Department, and administration would therefore be a General Fund expenditure. LB 450 does not outline any tax credit incentives or grants to be administered to iHubs, leading us to assume all costs will simply be associated with designation, coordination, and assistance with iHubs and applicants. With there being three research centers in Nebraska, it is assumed that the iHub program will be limited to three, at least initially. Assuming one full time business consultant is assigned to each iHub, DED previously estimated that costs would be \$268,820 in the first year increasing to \$328,960 for the second year.

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

LB: 450 AM: AGENCY/POLT. SUB: Department of Economic Development

REVIEWED BY: Neil Sullivan DATE: 1/28/2021 PHONE: (402) 471-4179

COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 450 appears reasonable.

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

2021

LB⁽¹⁾ 450

FISCAL NOTE

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

Prepared by: ⁽³⁾ Anthony Goins Date Prepared: ⁽⁴⁾ 1/27/2021 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$268,820		\$328,960	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$268,820</u>		<u>\$328,960</u>	

Explanation of Estimate:

Lb450 adopts the Nebraska Innovation Hub Act. iHubs are partnerships between entities and industries that collectively drive economic growth within a defined geographic area. A designated iHub includes at least one major university, one economic development organization, and at least four additional members. DED will designate iHubs for a term of not more than five years. iHubs and DED will enter into a memorandum of understanding which includes goals and performance standards for the iHub and any other related requirements determined by the director. DED will oversee, coordinate, and provide assistance to each iHub.

Assuming that an iHub operates similarly to the Industry Councils coordinated in the past by DED, and that the first iHubs are organized around three research centers in the University of Nebraska system, DED would require the services of three Economic Development Business Consultants to provide support for the iHubs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49310 Econ Dev. Bus. Consultant	2.25	3.00	\$133,700	\$182,730
Benefits.....			53,480	73,100
Operating (Including Rent on campus)....			35,740	45,730
Travel.....			20,100	27,400
Capital outlay.....			25,800	0
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$268,820</u>	<u>\$328,960</u>