

PREPARED BY: Clinton Verner  
 DATE PREPARED: January 22, 2021  
 PHONE: 402-471-0056

**LB 598**

Revision: 00

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$20,000,000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$20,000,000</b>			

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

LB598 would create the Small Business Stabilization Grant Program Act. The act would provide grants to be distributed by the Department of Economic Development (DED). Eligible applicants would include for profit businesses that are located within the state of Nebraska and had no more than one million dollars of gross revenue in the most recently completed calendar year. Grants would be eligible for distribution during a qualifying event, which means any natural disaster, pandemic, or other event for which a state of emergency proclamation is issued by the Governor pursuant to section 81-829.40.

Businesses are deemed eligible for grants from DED if their gross revenue over a period of one month or more has declined by at least 50% from the amount of gross revenue received over the same period in the prior year. The business must include sufficient documentation to show the loss of revenue. Qualifying businesses are entitled to grant awards. Each grant must not exceed \$12,000. Grant funding and distribution is limited by the available appropriations, allowing qualifying businesses to submit multiple applications. It is the intent of the Legislature to appropriate \$20 million for FY21-22 for the purposes of carrying out the Business Stabilization Grant Program.

Businesses that qualify for other programs intended to provide easement for loss of business and damages to business, such as insurance or Federal disaster relief payments, but did not receive remittances to make their losses whole in the corresponding month would qualify for this program.

DED implemented a similar program for the distribution of Federal CARES Act money last summer and used a contracting service to distribute the funds, if this legislation were implemented they would do the same. Cost for contracting service was approximately \$750,000. We concur with the DED's estimate. \$20,000,000 impact.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 598	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 598 appears reasonable.		

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

**2021**

**LB<sup>(1)</sup> 598**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Anthony Goins Date Prepared: <sup>(4)</sup> 1/27/2021 Phone: <sup>(5)</sup> 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	<u>\$20,000,000</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL FUNDS</b>	<u><b>\$20,000,000</b></u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Explanation of Estimate:**

LB598 adopts the Small Business Stabilization Program Act. The purpose of the Small Business Stabilization Grant Program Act is to provide grant funds to eligible businesses that are experiencing loss of revenue because of a qualifying event. Qualifying event means any natural disaster, pandemic, or other event for which a state of emergency proclamation is issued by the governor. An eligible business means a for-profit business located in the state with no more than \$1 million in gross revenue.

If a qualifying event occurs, the department shall establish a grant program to provide financial assistance to eligible businesses that have experienced a significant loss because of such qualifying event. Significant loss is a monthly decline in revenue of 50% as compared to the same period in the prior year. An eligible business may submit an application to DED with supporting documentation. Each grant approved under this section shall be no more than \$12,000. It is the intent of the legislature to appropriate \$20 million to carry out this act.

Based on experience with a similar federal grant program last summer, DED would require approximately \$750,000 to contract with a vendor to administer a grant program. This includes the costs of accepting applications, awarding grants, monitoring the program, and distributing the funds.

**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>
Benefits.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating.....	<u>                    </u>	<u>                    </u>	<u>\$750,000</u>	<u>                    </u>
Travel.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital outlay.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Aid.....	<u>                    </u>	<u>                    </u>	<u>19,250,000</u>	<u>                    </u>
Capital improvements.....	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL.....</b>	<u>                    </u>	<u>                    </u>	<u><b>\$20,000,000</b></u>	<u>                    </u>