

Revised to reflect AM2837

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				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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 business to submit multiple applications.

AM2837 amends the award limits of the following grants under the Business Innovation Act in the following ways:

- Increase the award limits for planning grants to small businesses from \$4 million/year to \$6 million/year;
- Increase the award limits for financial assistance for small businesses from \$4 million/year to \$6 million/year;
- Increase the award limits for innovation in value-added agriculture from \$4 million/year to \$6 million/year;
- Increase the award limits for financial assistance to businesses that use the facilities of a public or private college in Nebraska for applied research and development of new products or use intellectual property generated at a public or private college or university in Nebraska from \$4 million/year to \$6 million/year; and
- Increase the award amount under the microloan program from \$2 million/year to \$3 million/year.

AM2837 amends the Business Innovation Act to include definitions for economic redevelopment area and defines the qualifying match for economic redevelopment areas under BIA.

No fiscal impact.

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

2022

LB⁽¹⁾ 598 AM2837

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 4/12/2022 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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 would 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.

LB598 as amended by AM2837 removes the intent language to appropriate \$20 million to carry out this act. In addition, the bill as amended changes the Business Innovation Act (BIA) to define Economic Redevelopment Areas (ERA) for the purpose of defining the match required for prototype grants provided in Section 81-12,158. As amended, beginning three months after the operative date of LB598, any applicant whose principal residence or place of business is located within an ERA requesting a prototype grant must provide a match equal to 25% of the funds requested from non-state sources. Any other applicant must provide the current 50% match. As amended, LB598 also changes the funding caps in all sections of the BIA from \$4 to \$6 million, except for the Technical Assistance portion, which is raised from \$2 to \$3 million.

Finally, AM2837 also adds the emergency clause to LB598. The department believes that the bill, as amended, would not require the services of a vendor to administer the unfunded Small Business Stabilization Program, and the changes to the BIA will not result in additional costs and can be administered within current resources.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____