

PREPARED BY: Clinton Verner
 DATE PREPARED: January 26, 2023
 PHONE: 402-471-0056

LB 633

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|-------------------------------------------------------------------------------------------------------|---------------------|----------------|---------------------|----------------|
| | FY 2023-24 | | FY 2024-25 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | See below | \$62,500,000 | See below | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | (\$62,500,000) | | |
| TOTAL FUNDS | See below | \$0 | See below | |

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

LB633 directs the Nebraska Department of Economic Development (NDED) to contract with a private contractor to market financial incentives and requires applicants to match the amount of incentives received under the Business Innovation Act and Site and Building Development Act. LB633 limits the marketing expenses to \$2,500,000 through 12/1/2033.

LB633 creates the Husker Fund and creates a transfer from the Cash Reserve Fund to the Husker Fund. There is a cap of \$2.5M per annum to be used on marketing expense, therefore it is reasonable to assume up to \$2.5M in cash funds will be expended on marketing. No increased administrative burden on NDED is anticipated as there is direction for this program to be contracted.

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------------------------------------|--|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: 633 | AM: | AGENCY/POLT. SUB: Department of Economic Development | |
| REVIEWED BY: Neil Sullivan | DATE: 1/26/2023 | PHONE: (402) 471-4179 | |
| COMMENTS: Concur with the Department of Economic Development assessment of impact from the transfer articulated in LB 633. A projected annual cash fund expenditure impact of \$2.5 million appears reasonable. | | | |

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

2023

LB⁽¹⁾ 633

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 1/23/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2023-24</u> | | <u>FY 2024-25</u> | |
|--------------------|---------------------|---------------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | \$62,500,00 | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>_____</u> | <u>\$62,500,000</u> | <u>_____</u> | <u>_____</u> |

Explanation of Estimate:

LB633 allows for the Nebraska Department of Economic Development (NDED) to hire a private contractor to market the financial incentives provided by the state for “key industries.” Eligible applicants will be required to provide a 1-to-1 match for every dollar of incentive funds received by the state, presumably this will be at least \$62.5 million. No more than \$2.5 million is to be used for marketing through December 31, 2033.

The bill also creates the ‘Husker Fund’ is to be created for this purpose and to be funded by a \$62.5 million transfer from the Cash Reserve Fund and the matching funds from the applicant.

LB682, as drafted, is too ambiguous to make any reasonable estimates as to the expenditures or staffing needed to make the bill operational.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2023-24</u> | <u>2024-25</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>23-24</u> | <u>24-25</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |