

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

# LB 582

Revision: 00

## FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

LB582 creates the Manufacturing Modernization Pilot Investment (MMPI) Act, a grant program to be administered by the Nebraska Department of Economic Development (DED).

LB562:

- Defines eligible grantees;
- Sets the application window for 10/1/2023 – 11/1/2023;
- Prescribes preference for grant applicants;
- Creates the Manufacturing Modernization Pilot Investment Fund;
- Sets intent to appropriate an unspecified amount of dollars from the General Fund.

It is not possible to estimate demand and potential for increased administrative burden. DED’s estimate based on 200-300 applications appears reasonable.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 582	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 1/27/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 582 appears reasonable.		
<u>Technical Note:</u> The current appropriation language is expressed as intent. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804.		

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

**2023**

**LB<sup>(1)</sup> 582**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Dave Dearthmont Date Prepared: <sup>(4)</sup> 1/24/2023 Phone: <sup>(5)</sup> 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	\$264,700		\$210,140	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$264,700</u>		<u>\$210,140</u>	

**Explanation of Estimate:**

LB582 creates the *Manufacturing Modernization Pilot Investment Fund* which is to provide one-time grants of up to \$250,000 to manufacturing firms that provide 1-to-1 matching funds towards a project that will increase the adoption rate of advanced technologies into its production process. The bill contains intent language to appropriate an unknown number of dollars to provide modernization grants. However, it appears that the bill does not transfer funds to the new cash fund.

Eligible firms demonstrate match, operate under a NAICS code that lies between 31 and 33, have been under operation for at least three years, employ a minimum of three full time employees, and realize 51% of its gross revenue from sales of its manufactured goods. There are over 2,000 businesses in Nebraska meeting the NAICS criteria with more than five employees. It is assumed that 10 to 15 percent of these firms could apply for the grant within the application window.

Based on 200-300 applications, administering the program would require the services of 0.25 FTE Attorney II to assist with contracts and rules and regulations, 1.0 FTE Economic Development Business Consultant II to manage the program, and 0.5 FTE Accountant III to process payments. Operating costs include the approximately \$80,000 to contract with a grant management firm to create the application and software licenses, and \$4,000 for additional leased space.

**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>
G31113 Attorney II	0.25	0.25	\$18,850	\$19,600
A49012 Econ Dev Bus Consultant II	1.00	1.00	66,430	69,090
A19013 Accountant III	0.25	0.50	15,790	31,580
<b>Total</b>	<u>1.50</u>	<u>1.75</u>	<u>\$101,070</u>	<u>\$120,270</u>
Benefits.....			40,430	48,610
Operating.....			104,490	29,110
Travel.....			10,110	12,150
Capital outlay.....			8,600	0
Aid.....			0	0
Capital improvements.....			0	0
<b>TOTAL.....</b>			<u>\$264,700</u>	<u>\$210,140</u>