

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
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.

LB702 would create the Neighborhood Empowerment Act which does the following:

- Sets the purpose of the act;
- Sets definitions under the act;
- Sets administration of the act within the Department of Economic Development;
- Establishes a grant program, sets eligibility of the grant program, sets application requirements under the grant;
- Permits DED to award up to \$5,000,000 in grants per year;
- Sets priority of the grants;
- Requires the grants to be expended within one year of receipt;
- Sets reporting requirements by grant recipients;
- Requires recoupment under the act, sets recoupment process;
- Establishes the Neighborhood Empowerment Advisory Board, sets membership requirements, terms, appointment process, and duties;
- Creates requirements for DED on outreach efforts and designation of an intermediary organization within a city of the metropolitan class, sets requirements for the intermediary organization; and
- Creates intent to appropriate \$5,000,000 per year for grants.

No basis to disagree with the Department's estimate for fiscal impact, should appropriations be provided. As the intent is for \$5,000,000 in appropriations for grants, the administrative costs would be additive.

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

LB: 702	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Ryan Yang		DATE: 2/21/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 702 appears reasonable.			
Technical Note: The fiscal note assumes an accompanying A-bill for \$5 million in General Fund aid appropriations. All other costs have been factored as outside of that \$5 million aid appropriation. The bill is also silent as to whether the intermediary organization is to be contracted with or sought via other means. Therefore, the Department has assumed a \$150,000 management consultant contract.			

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2025

LB⁽¹⁾ 702

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/7/2025 Phone: ⁽⁵⁾ (402) 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$5,329,360		\$5,232,320	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$5,329,360		\$5,232,320	

Explanation of Estimate:

Legislative Bill 702, would create the Neighborhood Empowerment Act, aims to allocate financial resources directly to neighborhood associations across Nebraska. The bill establishes a grant program administered by the Department of Economic Development, with up to \$5 million in funding per fiscal year. Grants would support local initiatives that enhance community engagement, infrastructure, safety, and economic development with minimal administrative restrictions. Eligible neighborhood associations must demonstrate active membership, regular meetings, and plans for resident engagement. Funds may be used for community programming, infrastructure improvements, safety initiatives, economic development, and capacity-building but cannot be allocated for salaries, political activities, or non-public purposes. The bill includes reporting requirements to ensure accountability and mandates the recoupment of unspent or misused funds.

The bill also creates the Neighborhood Empowerment Advisory Board, composed of representatives from neighborhood associations, to provide oversight and feedback. Additionally, the department is tasked with outreach efforts and may collaborate with intermediary organizations for funding administration and training. In Omaha, DED is required to designate a qualified local intermediary organization to administer the funding.

LB702 contains intent language to appropriate \$5 million per fiscal year from the General Fund for neighborhood grants. The provision of LB702 will require the services of 1.0 FTE Economic Development Business Consultant II, 0.50 FTE IT Data/Database Administrator, and 0.25 Accountant III. Included in the operating costs are \$150,000 for a management consultant contract for the intermediary organization in Omaha, \$17,050 for software licensing for the grant management system, and \$5,220 for additional leased office space. It is assumed that PSL and administrative costs would be in addition to the \$5 million for grant funding.

Technical Note: The bill appears to expect that grants would be paid out in advance. Section four restricts the application to three items; however, there are several other eligibility requirements that applicants must provide, which would normally be part of a grant application.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49012 Econ Dev Bus Consultant II	0.75	1.00	\$49,890	\$66,520
A19013 Accountant III	0.00	0.25	\$0	\$18,060
A07081 IT Database Analyst	0.50	0.50	\$36,930	\$36,930
Benefits.....			\$30,390	\$42,530
Operating.....			194,870	55,430
Travel.....			8,680	12,760
Capital outlay.....			8,600	0
Aid.....			5,000,000	5,000,000
Capital improvements.....				
TOTAL.....			\$5,329,360	\$5,232,320