

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	\$126,280		\$118,020	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$126,280		\$118,020	

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

LB47 makes amendments to the Business Innovation and Small Business Assistance Acts.

Amendments made to the Business Innovation Act (BIA) are as follows:

- Adds a definition for Qualified Census Tract (QCT);
- Reserves 50% of the grants available the Small Business Investment Program for microloan delivery organizations, microloan technical assistance organizations, and innovation hubs that meet the following qualifications:
 - o If it is located within a QCT or economic redevelopment area and has been in operation within a QCT or economic redevelopment area for at least three years;
 - o At least 75% of its service recipients are located within an economic redevelopment area or an QCT;
 - o The demographic composition of its leadership and staff reflects the QCT or economic redevelopment area in which it operates.
- Requires the microloan delivery organizations, microloan technical assistance organizations, and innovation hubs to engage in proactive and continuous community engagement and sets the parameters of such; and
- Requires the Department of Economic Development (DED) to create grant application criteria, develop standardized reporting requirement for grantees, and conduct annual reviews to ensure compliance with the qualifications.

Appropriations are made to the BIA at the program level with DED having discretion in how much will go to each subprogram, though this subprogram is capped at \$3,000,000 per year. Detail on the subprograms and caps under the BIA are as follows:

Business Innovation Act	
Subprogram	Cap
Planning Grants	\$6,000,000
Prototype assistance	\$6,000,000
Value-added agriculture	\$6,000,000
Commercialization of product/process	\$6,000,000
University R&D	\$6,000,000
Small Business Investment	\$3,000,000
Total	\$33,000,000
Actual Grant Authority	\$15,000,000

LB 47 will change distribution of awards; actual appropriation amounts for the program are subject to the appropriations process.

The amendments made to the Small Business Assistance Act (SBAA) under LB47 are as follows:

- Adds definitions for economic redevelopment area and QCT;
- Allows DED to contract with multiple private entities under the act; and
- Requires contracts to be awarded on a competitive basis, establishes performance-based criteria, allows for termination of the contract should the criteria not be met.

No basis to disagree with the agency's estimate for an additional FTE under the new program eligibility requirements and reporting requirements.

LB47 declares an emergency.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 47	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 47 appears reasonable.			

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

2025

LB⁽¹⁾ 47

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/18/2025 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	\$126,280		\$118,020	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$126,280		\$118,020	

Explanation of Estimate:

LB47 would make changes to the Business Innovation Act (BIA) and the Small Business Assistance Act (SBAA). The portion of the BIA that would be affected by LB47 includes the provisions for microlending and technical assistance. The bill would eliminate the matching funds requirement and create a series of new requirements for microloan delivery organizations, microloan technical assistance organizations, and innovation hubs under this portion of the BIA. Fifty percent of the funds for technical assistance and microlending would be set aside for organization located within an economic redevelopment area (ERA) or a qualified census tract (QCT), if the organization has been located in the ERA or QCT for three years, 75% of the organizations customers are located in a ERA or QCT, and the organization's leadership and staff reflects demographic composition of the ERA or QCT. These organizations would also have new requirements for community engagement including establishing advisory groups, holding public meetings, and incorporating community feedback into its programs. In addition, DED would be required to conduct annual reviews and reporting requirements for grantees. Changes to the SBAA program under LB47 would include limiting the assistance provided by counseling services to individuals looking to start a business in ERAs or QCTs, or to businesses located in those areas. The bill would also create additional reporting requirements.

The limitations on program providers and additional reporting requirements in LB537 will require the services of an Economic Development Business Consultant II to vet qualified vendors and handle the additional reporting requirements. Operating expenses include \$2,990 annually for additional leased office space. The bill contains the emergency clause and will be operable July 1, 2025.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
A49012 Econ Dev. Bus Consultant II	1.00	1.00	\$66,520	\$66,520
Benefits.....			23,280	23,280
Operating.....			21,230	21,230
Travel.....			6,650	6,990
Capital outlay.....			8,600	
Aid.....				
Capital improvements.....				
TOTAL.....			\$126,280	\$118,020