

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS		See below		See below
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

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

LB 549 creates the Aid to Municipalities Act which is to provide state aid to municipalities in the form of grants to pay for infrastructure projects. The Act is to be administered by the Department of Economic Development.

Municipalities may apply for a grant by submitting an application to the Department of Economic Development. The application must include the amount of grant funds requested and a description of the infrastructure project to be funded by the grant. The Department of Economic Development may approve applications within the limits of available appropriations, excepting that no grant shall exceed \$10 million. This legislation creates the Aid to Municipalities Cash Fund, which shall be used to make grants and defray administrative costs.

General Fund impact is entirely dependent upon what the legislature deems to transfer to the Aid to Municipalities Cash Fund each fiscal year. Using the assumption of \$10,000,000 (the grant limit outlined by LB 549) we assume Cash Fund expenditures to be \$10,000,000 per annum, resulting from a transfer to the Cash Fund from the General Fund.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 549	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 1/28/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 549 appears reasonable.		

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 549	AM:	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: Neil Sullivan	DATE: 1/28/2021	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the City of Lincoln assessment of indeterminate fiscal impact from LB 549.		

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

**2021**

**LB<sup>(1)</sup> 549**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Anthony Goins Date Prepared: <sup>(4)</sup> 1/24/2021 Phone: <sup>(5)</sup> 402-471-3777

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		(\$10,000,000)		(\$10,000,000)
CASH FUNDS	\$10,000,000		\$10,000,000	
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$10,000,000</u>	<u>(\$10,000,000)</u>	<u>\$10,000,000</u>	<u>(\$10,000,000)</u>

**Explanation of Estimate:**

LB549 adopts the Aid to Municipalities Act. The purpose of the act is to provide state aid to municipalities in the form of grants which may be used to pay for infrastructure projects. A municipality may apply to DED for a grant of up to \$10 million.

Section 9 of LB549 also requires that if a municipality is not in compliance with the budget limits provided in sections 13-518 to 13-522, the Auditor of Public Accounts shall notify the governing body of this determination and notify the State Treasurer and the DED of the noncompliance. The State Treasurer and DED shall then suspend distribution of state aid allocated to the governmental unit until such sections are complied with.

The bill also creates a new cash fund in DED called The Aid to Municipalities Fund. The purpose of the fund is to provide grants and defray DED administrative expenses. The bill also contains intent language to appropriate some amount of dollars each fiscal year for the purpose of carrying out this act. The Department assumes that the source of funds for the transfer is the General Fund, because the source is not specifically identified.

Assuming that the Aid to Municipalities Fund receives at least \$10 million per year, DED will require the services of an Economic Development Business Consultant and a Financial Packager to accept applications, award and distribute the grants and monitor the projects. In addition, there will be a one-time expense of \$50,000 for computer programming and licensing for the department's grant management software.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49310 Econ Dev Bus. Consultant	0.75	1.00	\$44,600	\$60,900
A49280 Econ Dev Financial Packager	0.50	1.00	29,700	\$60,900
Benefits.....			29,710	48,730
Operating.....			64,850	24,400
Travel.....			7,400	12,180
Capital outlay.....			17,200	0
Aid.....			9,806,540	9,792,890
Capital improvements.....				
<b>TOTAL.....</b>			<u>\$10,000,000</u>	<u>\$10,000,000</u>

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

2021

LB<sup>(1)</sup> 549

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Lincoln

Prepared by: <sup>(3)</sup> James Van Bruggen Date Prepared: <sup>(4)</sup> 1/25/21 Phone: <sup>(5)</sup> 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

Fiscal impact is unknown until specific qualifications for grant has been created.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____