

PREPARED BY: Clinton Verner
 DATE PREPARED: February 16, 2022
 PHONE: 402-471-0056

LB 1196

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$45,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$45,000,000			

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

LB1196 would appropriate \$45,000,000 of ARPA funds in FY22-23 to the Department of Economic Development for the purposes of issuing grants to utilities districts for lead service line replacement.

No basis to disagree with the Department’s estimated expenditure schedule.

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

LB: 1196 AM: AGENCY/POLT. SUB: Nebraska Department of Economic Development

REVIEWED BY: Gary Bush DATE: 2/17/22 PHONE: (402) 471-4161

COMMENTS: Agree with the agency that the bill would provide federal funds totaling \$45 million. Disagree that the agency would need additional staff to manage the proposed grant program. No basis to disagree on the pace of grants awarded using the assumptions provided by the agency.

The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion, of which only \$520 million is currently available. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation. Any funding provided from these federal funds must be fully expended by the end of 2026.

Technical Note: The language in section 1 and 2 of the bill does not provide the level of detail necessary to enact the appropriations intended or allow for the transfer of funds.

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

2022

LB⁽¹⁾ 1196

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/12/2022 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	<u>\$9,000,000</u>	<u>\$45,000,000</u>	<u>\$11,250,000</u>	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u><u>\$9,000,000</u></u>	<u><u>\$45,000,000</u></u>	<u><u>\$11,250,000</u></u>	_____

Explanation of Estimate:

LB 1196 seeks to appropriate \$45 million from Federal Funds for FY2022-23 to the Department of Economic Development for purposes of providing the funds to a utilities district for lead service line replacements. The Federal Funds appropriated are from the funds allocated to the State of Nebraska from the federal Coronavirus State Fiscal Recovery Fund pursuant to the federal American Rescue Plan Act of 2021 (ARPA). Using ARPA money would require DED to comply with all federal requirements associated with the use of ARPA funds.

LB1196 would result in additional responsibilities for DED. DED would need to develop, implement, and provide the necessary monitoring required to comply with federal statutes and regulations related to the provision of grants to the indicated subrecipients. This would require adequate staffing and infrastructure to support the program throughout the grant program's lifecycle. The grant program developed under LB1196 would require appropriate staffing and infrastructure to support the grant program through at least 12/31/27 and potentially record retention support through 12/31/31. LB1196 carries the emergency clause.

Based on experience with grant programs of this size and the additional rules for using ARPA funds, DED estimates that the \$45 million will be expended approximately 20%, 25%, 35%, 15%, and 5% in FY2022-23 through FY2026-27. It is assumed that there is only one qualified utilities district who could apply for grant funds under the provisions of LB1196. As this entity would be considered a subrecipient, the department believes that the administration of LB1196 would require the half-time services of an Internal Auditor to assist with the federal requirements for subrecipients and a Federal Aid Administrator III, to assist aid disbursements.

The operating costs include annual costs of \$7,960 in additional rent and \$51,150 for software licensing for the department's grant management software.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2022-23	2023-24
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A 19613 Federal Aid Administrator III	0.25	0.50	\$15,940	\$32,680
G21200 Internal Auditor	0.25	0.50	17,940	32,680
Benefits			13,490	27,660
Operating			66,030	73,200
Travel			3,370	6,920
Capital outlay			17,200	0
Aid			8,866,030	11,076,860
Capital improvements				
TOTAL			\$9,000,000	\$11,250,000