

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	See below		See below	
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.

LB1033 appropriates:

- \$10 million to the Nebraska Department of Transportation for the Economic Opportunity Program;
- \$15 million to the Nebraska Department of Economic Development for the workforce training and infrastructure development revolving loan program;
- \$160 million to the Nebraska Department of Economic Development for the Site and Building Development Fund;
 - \$150 million for the development of large commercial and industrial sites;
 - \$10 million for other purposes related to the Site and Building Development fund;
- \$10 million to the Nebraska Department of Economic Development for the Nebraska Rural Projects Act.

All funds appropriated are from the American Rescue Plan Act of 2021. We have no basis to disagree with the Department of Economic Development’s analysis. As funds will be appropriated in FY21-22 they are not reflected the above table, though DED estimates \$37,710 of expenditures in the first year, \$12,750,000 in its second year and \$25,500,000 in its third year of a total \$185,000,000 appropriated. This is due to eligible applicant issues outlined in the Department’s technical note. NDOT anticipates it will be able to issue some grants under this new appropriation, the total amount indeterminate. We have no basis to disagree.

Technical note: Federal funds cannot be appropriated to a cash fund. We assume funds will be transferred.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1033	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond		DATE: 2/1/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 1033.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1033	AM:	AGENCY/POLT. SUB: Department of Transportation	
REVIEWED BY: Patrick Redmond		DATE: 1/26/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Transportation assessment of fiscal impact from LB 1033.			

Estimate Provided by Agency or Political Subdivision

State Agency OR Political Subdivision Name:		Dept. of Economic Development				
Approved by: Dave Dearthmont		Date Prepared: 1/27/2022		Phone: 471-3777		
	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds						
Cash Funds						
Federal Funds	\$37,710	\$185,000,000	\$12,750,000		\$25,500,000	
Other Funds						
Total Funds	\$37,710	\$185,000,000	\$12,750,000		\$25,500,000	

Explanation of Estimate:

LB1033 seeks to appropriate to DED for fiscal year 2021-22: \$15,000,000 to DED to carry out the workforce training and infrastructure development revolving loan program pursuant to the ImagiNE Nebraska Act; and \$160 million to DED to carry out the purposes of the Site and Building Development Act (SBDA). Of the \$160 million appropriation, \$150 million must be used to develop large commercial and industrial sites and the remaining \$10 million can be used to otherwise carry out the purposes of the act. LB1033 also appropriates \$10 million in ARPA funds to DED to carry out the purposes of the Nebraska Rural Projects Act.

The bill contains the emergency clause, and each of the allocations are for fiscal year 2021-22. All of these appropriations are from federal 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. As such, DED must coordinate and administer the programs in compliance with the federal American Rescue Plan Act of 2021 and the relevant federal statutes and regulations.

LB1033 substantially increases the funds available for use in the existing programs indicated. As such, the workload for each program would increase proportionally. Additionally, DED would likely need to modify or develop additional programming under both the ImagiNE Nebraska Revolving Loan Fund and Site and Building Development programs to ensure compliance with federal statutes and regulations attached to the allocated funds. LB1033 would require additional staffing and infrastructure to support the program throughout the grant programs' lifecycle. The programs funded under LB1033 would require appropriate levels of additional staffing and infrastructure to support both programs through at least 12/31/2027 and potentially record retention support through 12/31/2031. The department estimates that LB1033 would require the services of an Economic Development Manager, an Attorney II to review projects and ARPA rules, and two Economic Development Business Consultant I's. In addition, an 0.5 FTE, each for an IT Business Systems Analyst and a Federal Aid Administrator to assist applicants with the department's grant management software and distribute aid under the programs. None of these costs are associated with the additional \$15 million the bill would appropriate to the ImagiNE Revolving Loan Fund, as the department believes that these additional funds can be managed with existing resources in Program 604.

Based on past programs, the department believes that the funds would be distributed approximately 7.5%, 15%, 35%, 35%, 7.5% in FY2022-23 through FY2026-27, respectively.

Included in the operating costs are \$13,280 per year for additional rental space, and \$181,870 for software licensing for the grants management tool.

Technical Notes: It should be noted that the relevant federal statutes, regulations, and guidance all indicate that the requirements and limitations imposed on the use of the appropriated funds for revolving loan fund principle would likely make it impossible to both effectively utilize the federal funds appropriated as part of the ImagiNE Nebraska Revolving Loan Fund and comply with the relevant federal statutes and regulations.

According to recent Treasury guidance, aid to impacted industries is “limited to entities operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic.” This limitation could impact the number of eligible applicants and subsequently the requirement to be reasonably proportional to the harm. This could impact the ability to use ARPA funds in all aspects of developing a new large commercial and industrial site.

It also appears that LB1033 appropriates federal ARPA funds to a cash fund. State guidelines require federal funds to be tracked separately from state funds.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>21-22 FTE</u>	<u>22-23 FTE</u>	<u>23-24 FTE</u>	<u>21-22 Expenditures</u>	<u>22-23 Expenditures</u>	<u>23-24 Expenditures</u>
G49550	Economic Development Manager	0.10	1.00	1.00	\$6,050	\$66,210	\$67,860
A19613	Federal Aid Administrator III	0.00	0.25	0.50	0	15,940	32,680
A49011	Economic Dev. Business Consultant	0.00	1.50	2.00	0	87,090	119,020
G31112	Attorney II	0.10	1.00	1.00	6,770	69,410	71,140
A07081	IT Business Systems Analyst	0.00	0.50	0.50	0	31,000	31,780
	Total	0.20	4.25	5.00	\$12,820	\$269,650	\$322,480
Benefits.....					5,130	107,860	128,900
Operating Costs.....					2,560	249,450	260,080
Travel.....					0	26,970	32,250
Capital Outlay.....					17,200	34,400	0
Aid.....					0	\$12,061,670	24,756,290
Capital Improvements.....							
Total.....					\$37,710	\$12,750,000	\$25,500,000

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2022

LB⁽¹⁾ 1033

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 1/18/2022 Phone: ⁽⁵⁾ 402-479-4691

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>See Below</u>	_____	<u>See Below</u>	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1033 appropriates \$10,000,000 of federal funds for FY2021-22 to Nebraska Dept. of Transportation (NDOT) for the purpose of the Economic Opportunity Program (EOP). The federal funds appropriated are 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, Public Law 117-2, Subtitle M, Sec. 9901.

If LB 1033 is enacted, NDOT will continue to be able to administer the EOP within existing resources. If the availability of the funds results in an increase in awarded grant applications before the appropriation would lapse at the end of the current biennium, some level of the appropriation will be expended. However, the amount of increased expenditure activity during FY22-23 and FY23-24 is indeterminate.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____