

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to include agency comment

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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.

LB49 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 \$10,000,000.

This legislation creates the Aid to Municipalities Cash Fund, which shall be used to make grants and defray administrative costs. General Fund impact is 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 LB49) we assume Cash Fund expenditures to be \$10,000,000 per annum, resulting from a transfer to the Cash Fund from the General Fund.

No basis to disagree with the administrative cost to the Agency as provided.

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

2024

LB⁽¹⁾ 49

FISCAL NOTE

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

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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				
TOTAL FUNDS	<u>\$10,000,000</u>	<u>(\$10,000,000)</u>	<u>\$10,000,000</u>	<u>(\$10,000,000)</u>

Explanation of Estimate:

LB49 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 LB49 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 (the amount of the maximum grant for one city, 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 \$11,370 for computer programming and licensing for the department's grant management software, and \$5,980 for additional rented office space.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49310 Econ Dev Bus. Consultant II	0.75	1.00	\$49,890	\$66,520
A49280 Econ Dev Financial Packager	0.50	1.00	33,980	\$67,960
Benefits.....			29,350	47,040
Operating.....			40,310	52,170
Travel.....			8,390	13,450
Capital outlay.....			17,200	0
Aid.....			9,820,880	9,752,860
Capital improvements.....				
TOTAL.....			<u>\$10,000,000</u>	<u>\$10,000,000</u>