

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB531 makes the following changes to the Economic Recovery and Incentives Division (ERID) of the Department of Economic Development (DED):

- Strikes the division developing a coordinated plan and grant application scoring process;
- Sets grant priority to use of grants within the boundaries of a city of the metropolitan class;
- Directs ERID to rely on studies produced pursuant to section 81-12, 242 in prioritizing grants;
- Directs remaining funds (funds remaining after the designations to primary class QCTs and QCTs outside of metropolitan and primary class cities) to be distributed to eligible grantees in QCTs in cities of the metropolitan class in undesignated amounts and undesignated locations;
- States that DED cannot create additional requirements other than those specified under the American Rescue Plan Act or the Economic Recovery Act;
- Would credit investment earnings from the Economic Recovery Contingency Fund (ERCF) to the Economic Recovery Contingency Fund;
- Limits expenditures from the Economic Recovery Contingency Fund and \$80,000,000 of ARPA appropriations to not occur until at least 30 days after the effective date of the act.

Most of the provisions of LB531 are to set priority and directions for DED. ERCF currently receives interest.

No fiscal impact.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 531	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan		DATE: 3/6/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of no fiscal impact from LB 531 appears reasonable.			

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

**2023**

**LB<sup>(1)</sup> 531**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Dave Dearmont Date Prepared: <sup>(4)</sup> 2/8/2023 Phone: <sup>(5)</sup> 402-471-3777

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

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

LB531 proposes to amend several provisions of the Economic Recovery, created by LB 1024 in 2022. The bill removes the existing responsibility for DED to “develop a coordinated plan and a grant application and scoring process to award grants” under the Act. Instead, LB531 amends the act to require DED to rely on studies produced by the Economic Recovery Special Committee of the Legislature (“Committee”) in prioritizing the use of grants and eliminates DED’s responsibility to submit a copy of the initial and final coordinated plans to the Committee. In addition, the bill amends Section 81-12,241 to prohibit the Department from creating any additional requirements for an eligible grantee other than those specifically provided under federal law. Presumably this would include designing programs to mitigate risk to the state for repayment of ARPA funds to the federal Government. In addition, the bill changes the allocation of grants distributed in qualified census tracts in a metropolitan class city. These would be allocated to eligible grantees in yet to be determined amounts in yet to be determined locations. Finally, the bill prevents any expenditures of funds until 30 days after the effective date of the act, and credits earnings on investment accrued on and after July 1, 2023, to the Economic Recovery Contingency Fund.

DED believes that there are no new duties given to DED under LB531, and that the Department can administer the provisions of the bill within current staff and resources.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>