

Revised to reflect AM2145 and AM2149.

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$2,500,000		\$7,500,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$2,500,000		\$7,500,000	

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

AM2145 establishes the Municipality Infrastructure Aid Act with a new Municipality Infrastructure Aid Program to be administered by the Nebraska Department of Economic Development (DED). This new program will be administered by the DED, and allow consultation with NDOT, the Nebraska Department of Environment and Energy (NDEE), economic developers, and statewide associations representing municipal officials.

AM2145 would on July 1, 2023, establish the Municipality Infrastructure Aid Act. This act would allow grants for infrastructure improvements (such as sewer, water, roads, bridges, and other site development) to cities of the first class or second class, and villages with a redevelopment plan approved under the Community Development Law.

The DED would be tasked with:

- creating the application form and process;
- establishing the rules for awarding grants;
- setting up how the funds would be provided to the approved grantees;
- adopting all the necessary rules and regulations;
- promoting the Municipality Infrastructure Aid Program; and
- the ability to award up to \$5,000,000 for any single application.

This aid program would be funded by a one-time transfer of \$10,000,000 from the Cash Reserve Fund to the Municipality Infrastructure Aid Fund, as soon as administratively possible after the effective date, recouped money from grantees not meeting their required obligations, and investment earnings from the money in the fund.

Eligible grantees must include on their application:

- the infrastructure improvements that are a part of an approved redevelopment plan under the Community Development Law;
- how these improvements would attract and support any new businesses or expansion of businesses;
- if the infrastructure improvements would provide infrastructure that is sufficient for the new business or business expansion;
- a cost-benefit analysis of the redevelopment plan approved under the Community Development Law;
- what additional jobs, creation of high-quality jobs, increased business investment, or rural/distressed area revitalization; and would occur in or near the eligible grantee as a result of the new business or expansion.

Additionally, grantees will only be considered eligible if they:

- show their approved redevelopment plan has a positive cost-benefit analysis; and
- provide a minimum of 25% matching funds of the grant amount.

AM2149 adjusts the start date for the new program from July 1, 2023 to July 1, 2024.

Expenditures:

The DED has indicated \$2,500,000 in General Funds would be necessary for administering this program in FY2024-25 and \$7,500,000 in General Funds for FY2025-25. The estimated operating costs for FY2024-25 would be \$79,770, with \$78,260 the following fiscal year. Included in the operating costs are \$34,100 for grant management software and licenses and 5,310 for leased office space,

annually. The DED also expects to have a one-time contracting cost of \$25,000 for having the application created in the grant management system, to have the application process open on July 1, 2024.

Additionally, the DED is anticipating the need for: 1 FTE Economic Development Manager, .5 FTE Economic Development Business Consultant II, and .5 Accountant III. The estimated salary for these positions would be \$144,060 in both FY2024-25 and FY2025-26. The estimated benefits would be \$50,420 in each of the fiscal years. The combined salary and benefits would be: \$194,480 in FY2024-25 and FY2025-26.

While there is no basis to disagree with the amounts that the DED is projecting for expenses, their fiscal note did show the expenditures would be paid for with general funds. This appears to be an oversight and we assume the expenses will be \$10,000,000 in cash funds for the costs of the program.

In addition, while the actual salary and health insurance increases for FY2025-26 and thereafter are not yet determined, it is important to note that any additional personnel in FY2024-25 will have ongoing rising costs associated with salary and health insurance increases, which are normally addressed in the biennial budget process for all bargaining and non-bargaining employees.

The NDOT anticipates a minimal fiscal impact, which could be absorbed by their current appropriation; and the NDEE has indicated no fiscal impact.

There is no basis to disagree with neither the NDOT's, nor the NDEE's lack of fiscal impact.

Revenues:

This bill includes a one-time transfer of \$10,000,000 from the Cash Reserve Fund to the Municipality Infrastructure Aid Fund. Due to the emergency clause, this could take place as early as FY2023-24. This will occur as soon as administratively possible by the State Treasurer. As such, the transfer is not shown in the table.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 600	AM: 2145	AGENCY/POLT. SUB: Department of Transportation
REVIEWED BY: Neil Sullivan	DATE: 1/29/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Transportation assessment of minimal fiscal impact from LB 600 as amended by AM 2145 appears reasonable.		

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2024

LB⁽¹⁾ LB600 AM2145 & AM2149

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthont Date Prepared: ⁽⁴⁾ 1/27/2024 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$2,500,000		\$7,500,000	
CASH FUNDS		(\$10,000,000)		
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$2,500,000	(\$10,000,000)	\$7,500,000	

Explanation of Estimate:

LB600 as amended by AM2145 and AM2149 would adopt the Municipality Infrastructure Aid Act to provide grants to cities of the first and second classes and villages with redevelopment plans approved under the Community Development Law to pay for infrastructure projects.

Beginning July 1, 2024, LB600 as amended would allow eligible cities to apply to DED for a grant to help support infrastructure improvements that are part of an approved redevelopment plan. The city or village would be required to provide a match equaling at least 25% of the amount of the grant for water systems, sewer systems, roads, bridges and "other site development activities." The maximum grant is \$5 million. The application would need to provide information to show how infrastructure improvements would attract and support new businesses or business expansions, and how this activity would create new, high-quality jobs, increase business investment, and revitalize rural and other distressed areas of the state.

The bill as amended, would create a new cash fund, the "Municipality Infrastructure Aid Fund" administered by DED, for purposes of carrying out the Municipality Infrastructure Aid Act, and contains language to transfer \$10 million from the Cash Reserve Fund to the new cash fund to carry out the act. For purposes of this fiscal note, we assume that the transfer would be made on or after 7/1/2024, and further assume that the bill would also appropriate funds for DED's use. DED assumes that 25% of the funds would be distributed in FY2024-25 and 75% in FY2025-26.

The provisions of the bill as amended will require the services of 1.0 FTE Economic Development Manager, 0.5 FTE Economic Development Business Consultant II to help manage the grants, and 0.5 Accountant III to disburse grant funds. Operating costs include \$34,100 for grant management software and licenses and 5,310 for leased office space, annually. Given that LB600 as amended requires that applications be opened on 7/1/2024, DED expects to have a one-time cost of \$25,000 for contracting to have the application created in the grant management system.

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>
G49550 Econ Dev Manager	1.00	1.00	\$72,640	\$72,640
A49012 Econ Dev Bus Consultant II	0.50	0.50	34,240	34,240
A19013 Accountant III	0.50	0.50	37,190	37,190
Total	2.00	2.00	\$144,060	\$144,060
Benefits.....			50,420	50,420
Operating.....			79,770	78,260
Travel.....			14,410	15,130
Capital outlay.....			17,200	0
Aid.....			2,194,180	7,202,410
Capital improvements.....				
TOTAL.....			\$2,500,000	\$7,500,000

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2024

LB⁽¹⁾ 600 AM2145 & AM2149

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Environment and Energy

Prepared by: ⁽³⁾ Kevin Stoner Date Prepared: ⁽⁴⁾ January 24, 2024 Phone: ⁽⁵⁾ 402 471-2186

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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 600 AM2145 & AM2149 provides funds to the Department of Economic Development for the purposes of the Municipality Infrastructure Aid Act. It states the Department of Economic Development may consult with several different entities including the Department of Environment and Energy. There is no fiscal impact to DEE.

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>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2024

LB⁽¹⁾ 600 AM2145 & AM2149

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 1/26/2024 Phone: ⁽⁵⁾ 402-479-4691

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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 600 as amended by AM2145 creates an act in which Sections 1 to 8 is cited as the Municipality Infrastructure Aid Act. The sections of the act create the Municipality Aid Program which shall be administered by Department of Economic Development and defines the purpose of the program to finance infrastructure improvements in cities of the first class, cities of the second class, and villages. Eligible grantees may apply for grant to the Department of Economic Development beginning July 1, 2024 as amended by AM2149. The Department of Economic Development may consult with statewide associations representing municipal officials, economic developers, the Department of Transportation, and the Department of Environment and Energy. To carry out the act a transfer of ten million dollars from the cash reserve to the Municipality Infrastructure Aid Fund will occur as soon as administratively possible after the effective date of the act.

If LB 600 AM2145 and AM2149 are enacted, the fiscal impact to Nebraska Department of Transportation is anticipated to be minimal.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25 EXPENDITURES</u>	<u>2025-26 EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____