

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	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.

LB707 establishes the Transforming Cities of the Primary Class Program, sets program eligibility, creates a subaccount within the Affordable Housing Trust Fund, creates a transfer of \$10,000,000 to the subaccount from the Cash Reserve Fund, and sets administration of the program within the Nebraska Department of Economic Development. This program would function as the Affordable Housing Act currently operates, merely restricted to the city of Lincoln. As this creates a subaccount we agree with the need for .5 FTE for the Accountant III, however we disagree with the need for Econ Dev Business Consultant III. As the program is restricted to Lincoln we do not find the Department's travel costs reasonable. Our operating estimates for the program are as follows:

					23-24	24-25
		23-24	23-24		Expenditures	Expenditures
Accountant III		0.5	0.5	Salary	\$ 31,580.00	\$ 32,840.00
				Benefits	\$ 12,631.00	\$ 13,353.00
				Operating	\$ 29,400.00	\$ 40,867.50
				Travel	\$ 6,000.00	\$ 6,000.00
				Capital outlay	\$12,900	
				Totals	\$ 92,511.00	\$ 93,060.50

The bill has the emergency clause, and as such, the transfer from the Cash Reserve Fund would occur in FY 22-23. The bill includes intent to appropriate funds from the Affordable Housing Trust Fund.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	707	AM:	AGENCY/POLT. SUB: Nebraska Department of Economic Development
REVIEWED BY:	Ann Linneman	DATE:	2-17-2023
		PHONE:	(402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Economic Development's assessment of fiscal impact.			
<u>Technical Note:</u> The current appropriation language is not sufficient to create an appropriation. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804.			

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2023

LB⁽¹⁾ 707

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/16/2023 Phone: ⁽⁵⁾ 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	\$10,000,000	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$10,000,000</u>	_____	_____	_____

Explanation of Estimate:

LB707 seeks to appropriate \$10 million to DED to support a newly created 'Transforming Cities of the Primary Class Program to address affordable housing issues in cities of the primary class. The bill also contains language for a \$10 million transfer from the Cash Reserve Fund to the Affordable Housing Trust Fund.

LB707 would give the responsibility of the creation, administration, implementation, and monitoring of a new program to DED. Given this program would largely follow the same rules as grants issued out of the Affordable Housing Trust fund, the Department will need the services of 1.5 FTE Economic Development Business Consultant II for program administration and monitoring, and 0.5 FTE of an Accountant III manage grant reimbursements. Based on experience with similar programs, DED believes that the total amount of aid will be paid approximately 20%, 50%, and 30% in FY2023-24 through FY2025-26, respectively.

Included in the operating costs are \$11,400 for grant management software and licenses, and \$5,300 for additional leased office space.

The appropriation appears to be for FY2023-24 and funds would need to be reappropriated to use the entire transfer amount.

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>
A490125 Econ Dev Bus. Consultant II	1.00	1.50	\$66,430	\$103,630
A19013 Accountant III	0.50	0.50	31,580	32,840
Benefits.....			39,200	54,490
Operating.....			35,090	44,150
Travel.....			9,800	13,650
Capital outlay.....			17,200	0
Aid.....			1,800,700	4,751,240
Capital improvements.....			0	0
TOTAL.....			\$2,000,000	\$5,000,000