

Revised for the 108th Legislature, 2nd Session

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	See below			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below			

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

LB707 creates the Transforming Cities of the Primary Class Program within the Affordable Housing Trust Fund, sets eligibility, creates a transfer of \$10,000,000 from the Cash Reserve Fund to the Affordable Housing Trust Fund and creates intent to fully appropriate the transferred amount for the purposes of the Transforming Cities of the Primary Class Program.

An eligible applicant is any city of the primary class and shall be used for the purpose of constructing housing to address affordable housing needs. Applicants may work with community development financial institutions, or the program may operate as it currently does. As such, we disagree with the Department on its need for an Economic Development Business Consultant II. As there would be a need to manage the program within the Affordable Housing Trust Fund, we concur with the need for .5 Accountant III.

The bill contains an emergency clause and a transfer from the Cash Reserve Fund to occur as soon as administratively possible after the effective date of the act, which would be in FY2023-24 and is therefore not reflected in the above table.

As the program is restricted to the City of Lincoln we disagree with the Department’s estimate for travel. Our estimates are provided in the following table:

	FY24-25	FY25-26
.5 Accountant III	\$ 35,420.00	\$ 35,420.00
Benefits	\$ 14,168.00	\$ 14,168.00
Operating	\$ 25,352.00	\$ 26,216.00
Travel	\$ 6,000.00	\$ 6,000.00
Capital Outlay	\$ 12,900.00	
Aid	\$ 1,800,700.00	\$ 4,751,240.00
<b>Total</b>	<b>\$ 1,894,540.00</b>	<b>\$ 4,833,044.00</b>

The Agency does not assume any salary or benefits increases for FY25-26 for the additional personnel needed pursuant to this bill’s provisions. While the actual salary and health insurance increases for FY25-26 and thereafter are not yet determined, it is important to note that any additional personnel in FY24-25 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.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 707            AM:                            AGENCY/POLT. SUB: Department of Economic Development

REVIEWED BY: Neil Sullivan                            DATE: 12/18/2023                            PHONE: (402) 471-4179

COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 707 appears reasonable.

Technical Note: The appropriation intent language is not sufficient to create an appropriation. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804.

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

**2024**

**LB<sup>(1)</sup> 707**

**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> 12/16/2023 Phone: <sup>(5)</sup> 402-471-3777

**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	\$10,000,000	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<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 FY2024-25 through FY2026-27, respectively.

Included in the operating costs are \$11,400 for grant management software and licenses, and \$4,480 for additional leased office space. No wage and salary increases are assumed in the next biennium.

The appropriation appears to be for FY2024-25 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>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49012 Econ Dev Bus Consultant II	1.0	1.0	\$65,210	\$65,210
A19013 Accountant III	0.5	0.5	35,420	35,420
<b>Total</b>	1.5	1.5	\$100,630	\$100,630
Benefits.....			35,220	35,220
Operating.....			31,690	32,770
Travel.....			10,570	11,090
Capital outlay.....			8,600	
Aid.....			\$1,813,290	\$4,820,290
Capital improvements.....				
<b>TOTAL.....</b>			<u>\$2,000,000</u>	<u>\$5,000,000</u>