

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	See below			
OTHER FUNDS				
TOTAL FUNDS	See below			

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

LB940 appropriates \$150 million of ARPA dollars for FY21-22 to the Department of Economic Development for the purposes of the:

- Rural Workforce Housing Investment Fund;
- Middle Income Workforce Housing Investment Fund; and
- Affordable Housing Trust Fund.

Fiscal impact of \$150,000,000 in Federal funds. For context, the current appropriation for the entire Nebraska Department of Economic Development for FY22-23 is \$122,172,595. As such, we have no basis to disagree with the Department of Economic Development’s estimate of new positions being \$1,083,370 in FY22-23 and \$1,352,330 in FY23-24.

Technical Note: LB940 also appropriates \$50,000,000 in FY21-22 to NIFA. NIFA is not a state agency and cannot receive appropriations. As of time of submission, NIFA did not submit a fiscal note response. However, it is not a state agency and as such any administrative costs related to NIFA would have no impact on the state.

LB940 appropriates funds to DED for the “purposes of carrying out” the Middle Workforce Housing Investment Fund and the Rural Workforce Housing Investment Fund. Authority to issue grants under the Middle Workforce Housing Investment Fund expires in FY22-23. Authority to issue grants under the Rural Workforce Housing Investment Fund expires in FY20-21. Funds cannot be expended pursuant to the Rural Workforce Housing Investment Fund.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 940	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond		DATE: 2/2/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 940.			

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

**2022**

**LB<sup>(1)</sup> 940**

**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> 1/24/2022 Phone: <sup>(5)</sup> 402-471-3777

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

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	<u>\$11,250,000</u>	<u>\$150,000,000</u>	<u>\$22,500,000</u>	<u>\$0</u>
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u><u>\$11,250,000</u></u>	<u><u>\$150,000,000</u></u>	<u><u>\$22,500,000</u></u>	<u><u>\$0</u></u>

**Explanation of Estimate:**

LB940 appropriates: (1) \$50 million to DED to carry out the purposes of the Rural Workforce Housing Investment Fund, (2) \$50 million to DED to carry out the purposes of the Middle Income Workforce Housing Investment Fund, and (3) \$50,000,000.00 to DED to carry out the purposes of the Affordable Housing Trust Fund. Each of the appropriations indicated are to be made for fiscal year 2021-22 and, pursuant to the federal statutes and regulations relevant to the funds allocated, would have to be expended before December 31, 2026. LB940 also appropriates \$50 million to the Nebraska Investment Finance Authority (NIFA) to carry out the purposes of the Nebraska Investment Finance Authority Act regarding housing projects, which is separate from DED and would be administered by NIFA.

As a result, LB940 would at least quadruple the funds available for use in each of the three DED programs and thereby, the workload for each program proportionally. Additionally, DED would likely need to modify or develop additional programming under both the Rural Workforce Housing Investment and Middle Income Workforce Housing Investment programs to ensure compliance with federal statutes and regulations attached to the allocated funds. LB940 would require additional staffing and infrastructure to support the program throughout the grant programs' lifecycle. The programs funded under LB940 would require appropriate levels of additional staffing and infrastructure to support the three programs through at least 12/31/2027 and potentially record retention support through 12/31/2031.

Based on past experience with these programs, and the dates for allocation and completion set in ARPA, the department believes that the grant payments would be distributed approximately 7.5%, 15%, 35%, 35% and 7.5% in fiscal years 2022-23 through 2026-27, respectively. LB940 contains the emergency clause. Federal Funds will require a separate fund set up as federal funds cannot be comingled with state cash funds. Operating costs include \$170,500 annually for software licensing for the department's grant management software, and \$53,130 annually for addition rent to house the new staff.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49012 Econ Dev Bus Consultant II	7.50	9.00	\$468,110	\$575,770
G49550 Econ Dev Manager	4.00	4.00	264,840	271,460
G21200 Internal Auditor	0.00	2.00	0	145,910
G31112 Attorney II	2.00	2.00	138,810	142,280
G31113 Attorney III	1.00	1.00	85,850	87,990
A19613 Fed Aid Administrator III	1.00	1.00	63,760	65,360
IT Business Systems Analyst	1.00	1.00	62,000	63,560
Sub Total Position Title	16.50	20.00	\$1,083,370	\$1,352,330
Benefits.....			433,350	540,940
Operating.....			432,450	495,840
Travel.....			108,340	135,230
Capital outlay.....			146,200	25,800
Aid.....			9,046,290	19,949,860
Capital improvements.....				
TOTAL.....			\$11,250,000	\$22,500,000