

PREPARED BY: Clinton Verner
 DATE PREPARED: January 31, 2022
 PHONE: 402-471-0056

LB 761

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	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.

LB761 establishes the Precision Agriculture Infrastructure Grant Act within the Department of Economic Development. LB761 states intent to appropriate \$10 million of ARPA funds for the purpose of issuing grants to provide high-speed internet service to most remote and cost-prohibitive areas of the state. Adequate grant programs under this program means a symmetrical download and upload speed of at least 50 Mbps.

ARPA rules stipulate that broadband funds must be used on projects with 100 Mbps download and 20 Mbps upload, any project that does not meet ARPA guidelines will be ineligible for ARPA funds and therefore would be ineligible for grants under this program. We have no basis to disagree with DED’s expenditure timeline.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 761	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Jacob Leaver	DATE: 1/31/2022	PHONE: (402) 471-4173	
COMMENTS: Disagree with the Department of Economic Development’s estimated fiscal impact to the department as a result of LB 761. Section 3 Subsection 2 states “It is the intent of the Legislature to appropriate ten million dollars from Federal Funds for fiscal year 2022-23...” Since there is intent language, there would be no fiscal impact to the department. No basis to dispute with the department’s estimated fiscal impact of major objects by expenditure. The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion, of which only \$520 million is currently available. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation. Technical Note: The language in LB 761 does not provide the level of detail necessary to enact the appropriation intended.			

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2022

LB⁽¹⁾ 761

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 1/24/2022 Phone: ⁽⁵⁾ 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	\$2,500,000	\$10,000,000	\$5,000,000	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$2,500,000</u>	<u>\$10,000,000</u>	<u>\$5,000,000</u>	_____

Explanation of Estimate:

LB761 would adopt the Precision Agriculture Infrastructure Grant Act, to be administered by DED. The bill requires the department to develop a grant program funded by \$10 million to provide broadband service to farm structures and devices, farm traceability solutions including blockchain, products that improve soil health, water management tools, seed technologies, and products that use autonomous solutions in ag. technology. The funds to be appropriated are from the federal Coronavirus State Fiscal Recovery Fund pursuant to the federal American Rescue Plan Act of 2021. LB761 contains intent language to appropriate funds for FY2022-23. DED must award no more than one-half of the grant funds for symmetrical broadband service. The remaining funds are to be awarded across the other indicated categories.

LB761 would result in additional responsibilities and reporting for DED. DED would need to develop, implement, and provide the necessary monitoring required to comply with federal regulations related to the provision of grants to the indicated beneficiaries. This would require adequate staffing and infrastructure to support the program throughout the grant program's lifecycle. The grant program developed under LB761 would require appropriate staffing and infrastructure to support the grant program through at least 12/31/2027 and potentially record retention support through 12/31/2031.

Based on the appropriation for LB761 and experience with similar-sized grant programs, the department will need the services of an Attorney II to develop the grant programs within ARPA guidelines and manage the grant program, an Economic Development Business Consultant I to work with applicants, assist with disbursing grants and reporting, and half time of an IT Business Systems Analyst to work with the grant management software and assist with creating an application for the programs, and to review speed test data submitted by grant winners.

DED also estimates that funds will be expended approximately 25%, 50%, 25% in FY2022-23 through FY2024-25, respectively.

Technical note: It should be noted that while the Broadband infrastructure is an enumerated eligible use under applicable federal regulations or Treasury guidance, the definition of adequate broadband as specified in LB761 falls outside of the applicable parameters found in 31 C.F.R. § 35.6(e)(2). As the remaining expenditures are not expressly enumerated eligible uses under federal regulations or Treasury guidance, it is not clear from the legislation how the impacted businesses are identified and how the proposed response is related and reasonably proportional to the harm experienced by the impacted businesses.

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>
G31112 Attorney II	0.90	1.00	\$62,470	\$71,140
A49011 Econ Dev Bus Consultant I	0.90	1.00	52,250	59,520
IT Bus Systems Analyst	0.90	1.00	55,810	63,560
Benefits.....			68,210	77,690
Operating.....			58,560	64,120
Travel.....			17,050	19,420
Capital outlay.....			25,800	0
Aid.....			2,159,850	4,644,550
Capital improvements.....				
TOTAL.....			\$2,500,00	\$5,000,000