

PREPARED BY: Clinton Verner  
 DATE PREPARED: January 27, 2022  
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**LB 1006**

Revision: 00

**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	\$25,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$25,000,000			

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

LB1006 appropriates \$25 million of ARPA funds to the Nebraska Department of Economic Development for the purpose of issuing grants for the construction of new dairy processing plants.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1006	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond		DATE: 2/3/2022	PHONE: (402) 471-4181
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 1006 appears reasonable.			

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

2022

LB<sup>(1)</sup> 1006 Revised

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**

	FY 2022-23		FY 2023-24	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	<u>\$6,250,000</u>	<u>\$25,000,000</u>	<u>\$12,500,000</u>	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$6,250,000</u>	<u>\$25,000,000</u>	<u>\$12,500,000</u>	_____

**Explanation of Estimate:**

LB1006 seeks to appropriate \$25 million to DED for fiscal year 2022-23 to award a grant for construction of new dairy processing plants. The allocation is to be from federal funds allocated to the State of Nebraska from the federal Coronavirus State Fiscal Recovery Fund pursuant to the federal American Rescue Plan Act of 2021. As such, DED must coordinate and administer the two programs in compliance with the federal American Rescue Plan Act of 2021 and the relevant federal statutes and regulations.

LB1006 would result in additional responsibilities and reporting on the department. DED would need to develop, implement, and provide the monitoring necessarily required to comply with federal statutes and 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 LB1066 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 LB1006 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.

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

**Technical Note:** It should be noted that the legislation requires grants for new construction of dairy processing plants and that “[n]ew dairy processing plants with local producers as stakeholders are needed to increase milk production.” According to recent Treasury guidance, aid to impacted industries is “limited to entities operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic.” This limitation could impact the number of eligible applicants and subsequently the requirement to be reasonably proportional to the harm.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2022-23	2023-24
	<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	0.50	0.50	31,020	31,820
Benefits.....			52,510	64,970
Operating.....			78,080	82,880
Travel.....			14,570	16,240
Capital outlay.....			25,800	0
Aid.....			5,933,300	12,173,430
Capital improvements.....				
<b>TOTAL.....</b>			<b>6,250,000</b>	<b>12,500,000</b>