

PREPARED BY: Clinton Verner  
 DATE PREPARED: February 4, 2022  
 PHONE: 402-471-0056

**LB 1210**

Revision: 00

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$10,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$10,000,000			

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

LB1210 appropriates \$10,000,000 of Federal Funds pursuant to the American Rescue Plan to the Department of Economic Development. LB1210 defines eligible grantees as small businesses located in cities of the second class and villages and sets grant usage.

No basis to disagree with the Department of Economic Development’s expenditure estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 1210	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Patrick Redmond	DATE: 2/4/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 1210. 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.		

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**2022**

**LB<sup>(1)</sup> 1210**

**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> 2/2/2022 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>\$1,500,000</u>	_____	<u>\$2,500,000</u>	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$1,500,000</u>	_____	<u>\$2,500,000</u>	_____

**Explanation of Estimate:**

LB1210 appropriates \$10 million from the federal Coronavirus State Fiscal Recovery Fund (SLRF) for FY2022-23 to the Department of Economic Development to provide funds directly to small businesses located in cities of the second class and villages. The funds are to be use for grants for (1) acquisition, redevelopment, and other similar activities of downtown buildings and surrounding real estate, (2) financial relief addressing negative effects of the COVID-19 public health emergency, or (3) to expand, modify, or locate a small business operation into a downtown area. Funds can also be used for direct activities relating to acquisition, redevelopment, and other similar activities of downtown buildings and surrounding real estate, the reasonable costs incurred to manage recovery investments, and other similar activities approved by DED. Any award of a grant pursuant to this legislation by DED must be in compliance with the federal American Rescue Plan Act of 2021 and the relevant federal statutes and regulations.

LB1210 would result in additional responsibilities for DED. DED would need to develop, implement, and provide the necessary monitoring 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 LB1210 would require appropriate staffing and infrastructure to support the grant program through at least 12/31/27 and potentially record retention support through 12/31/31. LB1210 carries the emergency clause.

Based on experience with grant programs of this size and the additional rules for using ARPA funds, DED estimates that the \$10 million will be expended approximately 15%, 25%, 30%, 25%, and 5% in FY2022-23 through FY2026-27. In addition, administration of LB1210 will require the services of an Economic Development Manager to manage the program and develop the grant program, and an Economic Development Business Consultant I to assist with the grant program. In addition, 0.5 FTE each of an Attorney II to assist with determining ARPA qualification for each applicant, an IT Business Systems Analyst and a Federal Aid Administrator III, to assist with applications and grant management and disbursements.

The operating costs include annual costs of \$8,620 in additional rent and \$11,370 for software licensing for the department’s grant management software.

**Technical Note:** It should be noted that the relevant federal regulations and Treasury guidance indicates that the eligible uses of SFRF funds to assist small businesses are dependent on whether the small businesses indicated are determined to have been “impacted” or “disproportionately impacted” by the COVID-19 public health emergency. This determination will need to be made to ensure all uses indicated would comply federal regulations associated with the funds appropriated.

**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>
G49550 Econ Dev. Manager	0.90	1.00	\$59,590	\$67,860
A49011 Econ Dev Bus. Consultant I	0.75	1.00	43,540	59,510
A 19613 Federal Aid Administrator III	0.25	0.50	15,940	32,680
G31112 Attorney II	0.50	0.50	41,350	42,390
A07081 IT Bus Systems Analyst	0.25	0.25	15,500	15,890
<b>Total Staff</b>	<b>2.65</b>	<b>3.25</b>	<b>\$175,920</b>	<b>\$218,330</b>
<b>Benefits</b> .....			<b>70,370</b>	<b>87,330</b>
<b>Operating</b> .....			<b>55,400</b>	<b>63,940</b>
<b>Travel</b> .....			<b>17,590</b>	<b>21,830</b>
<b>Capital outlay</b> .....			<b>34,400</b>	<b>0</b>
<b>Aid</b> .....			<b>1,146,303</b>	<b>2,108,570</b>
<b>Capital improvements</b> .....				
<b>TOTAL</b> .....			<b>\$1,500,000</b>	<b>\$2,500,000</b>