

PREPARED BY: Clinton Verner  
 DATE PREPARED: January 28, 2022  
 PHONE: 402-471-0056

# LB 1253

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	\$9,655,510		\$19,311,030	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$9,655,510</b>		<b>\$19,311,030</b>	

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

LB1253 would require the Department of Economic Development to apply for grants from the federal Coronavirus Capital Projects Fund under the American Rescue Plan Act of 2021 (H.R. 1319, Sec. 604). It is the Department’s understanding that these funds have already been applied for. LB 1253 specifies funds cannot be used for broadband.

We have no basis to disagree with the Department of Economic Development’s assessment. The Department includes expenditures in FY21-22 of \$19,190 and revenues of \$128,740,178 which are not noted in the table above.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1253	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond	DATE: 1/28/2022	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 1253.			

**Estimate Provided by Agency or Political Subdivision**

State Agency OR Political Subdivision Name: **Dept. of Economic Development**  
 Approved by: **Dave Dearthmont** Date Prepared: **1/12/2022** Phone: **471-3777**

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds						
Cash Funds						
Federal Funds	\$19,190	\$128,740,178	\$9,655,510		\$19,311,030	
Other Funds						
<b>Total Funds</b>	<b>\$19,190</b>	<b>\$128,740,178</b>	<b>\$9,655,510</b>		<b>\$19,311,030</b>	

**Explanation of Estimate:**

LB1253 would require the Department of Economic Development to apply for a grant under the federal Coronavirus Capital Projects Fund. According to the information posted on the U.S. Department of the Treasury’s website, the allocation for the State of Nebraska under the Coronavirus Capital Projects Fund is \$128,740,178. The bill also requires DED to create a grant program with one-half of any grant money received used for multipurpose community facilities located in any qualified census tract in cities of the metropolitan class and the other one-half used for multipurpose community facilities located in any qualified census tract in cities of the primary class. Under the bill, DED cannot provide any grant funds received to political subdivisions or provide any of the grant funds received for broadband infrastructure projects.

It is our understanding that the state has already applied for the Coronavirus Capital Projects Fund. DED would have to administer the funds and monitor subrecipient usage of the funds. DED would be required to submit project and expenditure reports. These reports will generally include, data regarding projects, expenditures, project status, subawards, equity indicators, community engagement efforts, programmatic data, and other measures as determined by Treasury. DED would have to submit project and expenditure reports quarterly and would also be required to submit annual performance reports. These additional duties would require adequate staffing and infrastructure to support the program throughout the program’s lifecycle. All funds received are required to be expended by 12/31/2026 or returned to Treasury.

It is not clear from LB1253 how many of these facilities could be developed in either city, nor is there guidance on preferences for granting funds among competing projects beyond federal requirements. In addition there is no appropriation or transfer language to give DED access to the federal funds. The bill contains the emergency clause, and for purposes of this note, it is assumed that the funds will be available before July 1, 2022. Based on past experience, DED expects that expenditures of this grant would be approximately 7.5%, 15% 35%, 35%, and 7.5% in FY2022-23 through FY2026-27, respectively.

DED would require the services of an Economic Development Manager—beginning FY2021-22—to manage the application process and program, a Federal Aid Administrator, an Internal Auditor to assist with federal requirements for auditing and reporting, an Economic Development Business Consultant I and 0.5 FTE of an IT Business Systems Analyst to assist with applications and help applicants with the Department’s grant management software. DED would need to create a new federal fund for management of the program. Included in operating costs are funds for additional rent of \$14,610 per year, and annual licensing fees for the grant management software.

**Major Objects of Expenditure**

Class Code	Classification Title	21-22	22-23	23-24	21-22	22-23	23-24
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
G49550	Economic Dev. Manager	0.10	1.00	1.00	\$6,620	\$66,210	\$67,860
A19613	Fed Aid Administrator III	0.00	0.50	1.0		31,880	65,360
A07081 IT	Bus. Systems Analyst	0.00	0.50	0.50		31,000	31,780
G21200	Internal Auditor	0.00	0.50	1.00		35,590	72,960
A49011	Econ Dev. Bus. Consultant I	0.00	1.50	2.00		87,090	119,020
Total		0.10	3.90	5.50	\$6,620	\$251,770	\$356,980
Benefits.....					2,650	100,700	142,790
Operating Costs.....					1,320	284,820	305,990
Travel.....					0	25,180	35,700
Capital Outlay.....					8,600	34,400	
Aid.....					0	8,958,640	18,469,570
Capital Improvements.....					0		
<b>Total.....</b>					<b>\$19,190</b>	<b>\$9,655,510</b>	<b>\$19,311,030</b>