

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below			
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.

LB785 creates intent to appropriate \$250,000,000 of ARPA funds to the Department of Natural Resources and \$350,000,000 of General Funds for FY23-24 to the Department of Economic Development for the Department of Economic Development to create the North and South Omaha Recovery Grant Program. LB785 creates a transfer of \$350,000,000 from the Cash Reserve Fund to the General Fund, since this bill has an emergency clause, it is assumed the transfer will take place during FY22-23.

There is limited prescribed use for the program. DED's administrative costs and expenditure schedule appear reasonable.

During the 2022 session, the total ARPA State Coronavirus Fiscal Recovery Funds appropriated, or with intent language to be appropriated in the upcoming biennium, was \$1,037,454,413 out of the total \$1,040,000,000 allocated to the State of Nebraska.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 785	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan	DATE: 3/6/2023	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 785 except that the transfer could occur in FY23 and the assessment of administrative cost may be overstated.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 785	AM:	AGENCY/POLT. SUB: Department of Natural Resources	
REVIEWED BY: Neil Sullivan	DATE: 3/6/2023	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the Department of Natural Resources assessment of fiscal impact from LB 785 except that expenditure may be limited by available cash flow capacity.			
<u>Technical Note:</u> The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation.			

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2023

LB⁽¹⁾ 785

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/21/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$52,500,000</u>	<u>\$350,000,000</u>	<u>\$87,500,000</u>	<u> </u>
CASH FUNDS	<u> </u>	<u>(350,000,000)</u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>\$52,500,000</u>	<u> </u>	<u>\$87,500,000</u>	<u> </u>

Explanation of Estimate:

LB785 contains intent language to appropriate \$350 million from the General Fund to DED and \$250 million in federal ARPA funds the Department of Natural Resources (DNR) to create the North and South Omaha Recovery Grant Program to provide funding for public and private entities to respond to the negative impact of COVID-19 public health emergency and build resilient communities. To be eligible for a grant under the act, an applicant would need to show how the grant would relieve the negative impact of the public health emergency within the boundaries of qualified census tracts located within a city of the metropolitan class. DED would work in conjunction with DNR to administer the program. In addition, the bill also seeks to transfer \$350 million from the Cash Reserve Fund to the General Fund after the effective date of the act.

For purposes of this note, DED assumes that the ARPA fund appropriated to DNR are new funds and do not represent ARPA funds previously appropriated to DED.

The new responsibilities under LB785 given to the Department involve creating and staffing a new program, housed in Omaha, with an unknown number of separate grant programs. DED believes that administering the provisions of LB785 would require the services of 3 Economic Development Managers, 3 Attorney IIIs, 6 Accountant IIIs to make payments and approve reimbursements in the grant management system, an Economic Development Bus Consultant III, 3 Economic Development Bus Consultant IIs, and 2 Economic Development Bus Consultant Is to administer the grants, an IT Data/Database Analyst/Lead and 3 IT Data/Database Analysts to create the grant applications in the grant management system, an Internal Auditor to determine that recordkeeping and award procedures are correct, and 3 Auditor positions to monitor the grants and insure compliance. Operating costs include \$238,700 per year for software licenses and support for the grant management system and \$69,400 in addition leased office space primarily in Omaha.

DED believes that the \$350 million in grants will be distributed primarily on a reimbursement basis, and expects the distribution of the \$350 million will occur approximately 15%, 25%, 30%, 20% and 10% in FY2023-24 through FY2027-28, respectively.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49550 Econ Dev Manager	1.75	3.00	\$125,840	\$224,360
G31113 Attorney III	1.50	3.00	139,850	290,890
A19013 Accountant III	4.00	7.00	252,620	459,770
A07054 IT Data/DB Analyst/Lead	0.75	1.00	77,500	107,470
A07054 IT Data/Database Analyst	3.00	4.00	221,350	306,940
A49011 Econ Dev Bus Consultant I	1.50	2.00	92,730	128,590
A49012 Econ Dev Bus Consultant II	1.50	3.00	99,650	207,260
A49013 Econ Dev Bus Consultant III	0.25	1.00	17,860	74,300
G21200 Internal Auditor	0.75	1.00	57,990	80,420
A21212 Auditor	2.50	4.00	167,570	278,830
Total	17.50	29.00	\$1,252,960	\$2,158,830
Benefits			501,190	863,530
Operating			567,970	750,030
Travel			125,300	215,880
Capital outlay			180,600	51,600
Aid			49,871,980	83,460,130
Capital improvements			0	0
TOTAL			\$52,500,000	\$87,500,000

State Agency OR Political Subdivision Name: ⁽²⁾ Dept. of Natural Resources

Prepared by: ⁽³⁾ Ron Theis Date Prepared: ⁽⁴⁾ 1/19/23 Phone: ⁽⁵⁾ 402 471 0577

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	0	0	0	0
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	250,000,000	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	<u>250,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

The bill expresses intent to appropriate \$250,000,000 of federal ARPA funds to the department for assisting the Dept. of Economic Development to carry out an economic development program which is limited to actions within certain census tracts in the Omaha area. The bill does not offer information for the department to determine the relationship of its duties and authorities to an unspecified economic development project but assumes that some department PSL costs that are undeterminable at this time will be necessary for implementation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
			0	0
Benefits.....			0	0
Operating.....			0	0
Travel.....			0	0
Capital outlay.....			0	0
Aid.....			250,000,000	0
Capital improvements.....			0	0
TOTAL.....			<u>250,000,000</u>	<u>0</u>