

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	\$214,670		\$220,040	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$214,670		\$220,040	

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

LB1069 makes the following changes to the Rural Workforce Investment Act:

- Allows for statewide political subdivisions to be a provider of matching funds;
- Allows for local nonprofits to be deemed an eligible organization;
- Changes the definition of eligible workforce housing to be an owner-occupied housing unit from \$250,000 to \$350,000 and rental units from \$200,000 to \$250,000;
- Excludes eligibility for projects that receive funds from the National Housing Trust Fund;
- Extends the authority for the program through FY26-27;
- Removes the cap a nonprofit development organization can receive from \$2 million to an amount set at the Director of Economic Development’s discretion;
- Changes the eligible match from a one-to-one match to a 50% match;
- Removes the requirement for workforce housing investment funds to receive annual certification from the Department of Economic Development;
- Changes the annual audit requirement of nonprofit development organizations to an annual review; and
- Changes the transfer of funds in the Rural Workforce Housing Investment Fund to the Affordable Housing Trust Fund from 2022 to 2027.

LB1069 extends the program authorization. Current operating costs are \$186,035 with .78 FTE and \$13,613,965 in aid for a total of \$13,800,000. Current appropriation is for 2 FTE, which DED indicates. It is our understanding that this delta between current operating costs and appropriation is a result of inability to hire and retain staff rather than the administrative needs of this legislation. As such, no basis to disagree with the Agency’s provided expenditures. Because DED had this appropriation reduced due to the program expiring, a new Cash Fund appropriation is needed for administrative expenses to extend the program.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1069	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond	DATE: 2/10/2022	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 1069.			

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2022

LB⁽¹⁾ 1069

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 1/21/2022 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	\$214,670		\$220,040	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$214,670		\$220,040	

Explanation of Estimate:

LB1069 amends Neb. Rev. Stat. §§ 81-1228, 81-1229, 81-1230, and 81-1231 of the Rural Workforce Housing Investment Act (“Act”). The bill makes minor changes to defined terms and program provisions. These include: increasing the maximum costs from \$275,000 to \$325,000, for owner-occupied housing units, and from \$200,000 to \$250,000 for rental housing units; adding the National Housing Trust Fund to the list of prohibited funding sources; eliminates a hard cap on the grant maximums and replaces it with discretion of the DED director; and reduces the minimum match requirement from a one-to-one match to a 50% match. The bill also extends the life of the Act through 6/30/27 to allow projects funded with the \$10 million appropriated in LB1008 (2020) to be completed. Finally, LB1069 changes the requirement for an annual audit of nonprofit organizations receiving grants through the Act to an annual review of all financial record.

In the FY2021-22/FY2022-23 Biennial Budget, DED requested a reduction to its cash fund appropriation for FY2022-23 because Neb. Rev. Stat. §§ 81-1230 ends the program as of 6/30/2022. This reduction included the elimination of the 2 FTE that were assigned to administer the program. As of 7/1/22, DED will have not staff positions to support the Rural Workforce Housing Investment Act, should the bill be adopted. Similarly, any additional appropriation for the program would be without staffing.

The department believes that the provisions of LB1069 will require the services of two FTE, an Economic Development Manager and a Economic Development Business Consultant II to issue and track grant funds.

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>
A49012 Econ. Dev Bus Consultant II	1.00	1.00	\$62,410	\$63,980
A19613 IT Business Systems Analyst	1.00	1.00	63,760	65,360
Benefits.....			50,470	51,730
Operating.....			25,410	26,040
Travel.....			12,620	12,930
Capital outlay.....			0	0
Aid.....			0	0
Capital improvements.....				
TOTAL.....			\$214,670	\$220,040