

Revised due to adoption of amendments on General File

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 | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

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

As amended on General File, 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 \$325,000 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 grants pursuant to the program, set to end in FY20-21, to 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 match of at least one-half of the amount of workforce housing grant funds awarded;
- 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;
- Changes credit of returned funds from the Affordable Housing Trust Fund to the General Fund; and
- Changes the transfer of funds as the act sunsets from the Rural Workforce Housing Investment Fund to the General Fund.

As amended by AM2303, the bill also amends the Middle Income Workforce Housing Act, as follows:

- Extends the authority for grants pursuant to the program, set to end in FY22-23, to 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 match of at least one-half of the amount of workforce housing grant funds awarded;
- Changes credit of returned funds from the Affordable Housing Trust Fund to the General Fund; and
- Changes the transfer of funds as the act sunsets from the Middle Income Housing Workforce Housing Investment Fund to the General Fund.

Operating costs are required for the extension of the Rural Workforce Housing Investment Act. The appropriation for these expenses was reduced due to the program expiring in FY20-21, and as such, a new Cash Fund appropriation is needed for administrative expenses to extend the program. However, LB 1071, which appropriated funds for grants for the program and was referred to the Appropriations Committee, was incorporated into the midbiennium budget adjustments in LB 1013 and LB 1011, with a \$30 million transfer from the Cash Reserve Fund to the Rural Workforce Housing Investment fund and a corresponding cash fund appropriation.

As such, the accompanying appropriation for necessary operating expenses was included in the LB1011 appropriation. LB 1069 has no fiscal impact.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|---|-----------------|--|
| LB: 1069 | AM: 2303, 2299 | AGENCY/POLT. SUB: Department of Economic Development |
| REVIEWED BY: Patrick Redmond | DATE: 3/29/2022 | PHONE: (402) 471-4181 |
| COMMENTS: No basis to disagree with the Department of Economic Development assessment of no fiscal impact from LB 1069 as amended by AM2303 and AM2299. | | |

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

2022

LB⁽¹⁾ 1069 AM2303 & AM2299

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 3/29/2022 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2022-23 | | FY 2023-24 | |
|---------------|--------------|---------|--------------|---------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

LB1069 would amend Neb. Rev. Stat. §§ 81-1228, 81-1229, 81-1230, and 81-1231 of the Rural Workforce Housing Investment 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 records. AM2299 clarifies the change to the minimum match requirements. AM2299 also changes the provision that any unused funds are credited to the Affordable Housing Trust Fund when the program sunsets. As amended, remaining funds would be credited to the General Fund.

LB1069 as amended by AM2303 would amend Neb. Rev. Stat. §§ 81-1238, 81-1239, and 81-1230, of the Middle Income Workforce Housing Investment Act. These changes include elimination of hard caps on the grant maximums, replacing these caps with the discretion of the DED director; reducing the minimum match requirement from a one-to-one match to a 50% match, extending the life of the Act through 6/30/27, and changing crediting of any unused funds to the General Fund rather than the Affordable Housing Trust Fund on July 1, 2029.

LB1069, as amended by AM2299 and AM2303, will not have a significant impact on DED's operations. LB1011 contains additional funding for the staff and administration costs of the Rural Workforce Housing Act through the rest of this biennium to match the extension of the sunset.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2022-23</u> <u>EXPENDITURES</u> | <u>2023-24</u> <u>EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------------|---------------------------------------|
| | <u>22-23</u> | <u>23-24</u> | | |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |