

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	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.

LB 566 would create the Shovel-Ready Capital Recovery and Investment Act. The functions of this act would be administered by the Department of Economic Development (DeD), which would provide grants to nonprofit organizations to assist with capital projects that have been delayed as a result of COVID-19.

The grant application period shall be from July 1, 2021 to July 15, 2021. Nonprofit organizations must be 501(c)(3) organizations in order to be considered qualified. Applications must be submitted to the DeD. The application must include:

- A description of the qualified nonprofit’s capital project;
- The estimated cost of the project;
- The date the project was delayed and the date in which the project is expected to begin; and
- Documentation on the amount of funds which have been received or will be received from private sources.

Projects must be expected to begin no later than June 30, 2022. The Department may approve applications within the limits of available appropriations. The grant shall be equal to the amount of funds the nonprofit has received from the private sector. The grant schedule is defined as such:

- Less than \$5 million, a grant shall not exceed \$1 million;
- \$5 - \$25 million, a grant shall not exceed \$5 million;
- \$25 - \$50, a grant shall not exceed \$10 million; and
- Greater than \$50 million, a grant shall not exceed \$15 million.

LB 566 would create the Shovel-Ready Capital Recovery and Investment Fund, which is to be administered by DeD. The bill intends to appropriate \$25 million from the General Fund and 10% of any Coronavirus Relief Funds received by the state of Nebraska to the Shovel-Ready Capital Recovery and Investment Fund. Technical note: The funds would have to be transferred from the General Fund to the Shovel-Ready Capital Recovery Investment Fund and then appropriated from the Shovel-Ready Capital Recovery Investment Fund. The timing and amount of any federal relief funds are unknown at this time.

DeD estimates that it would spend 25% of the funds in its first year and 50% in its second year and that the implementation of LB566 would necessitate the hiring of an Economic Development Financial Packager. We find their estimates to be reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 566	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan		DATE: 2/22/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of General Fund fiscal impact from LB 566 appears reasonable.			

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2021

LB⁽¹⁾ 566

FISCAL NOTE

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

Prepared by: ⁽³⁾ Anthony Goins Date Prepared: ⁽⁴⁾ 1/23/2021 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$6,409,660</u>	<u> </u>	<u>\$12,602,540</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </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><u>\$6,409,660</u></u>	<u> </u>	<u><u>\$12,602,540</u></u>	<u> </u>

Explanation of Estimate:

LB566 adopts the Shovel-Ready Capital Recovery and Investment Act and creates the Shovel-Ready Capital Recovery and Investment Fund in DED. From July 1, 2021 through July 15, 2021, a nonprofit may apply to DED for a grant under the Shovel-Ready Act. Qualified nonprofits are those related to the “arts, culture, or the humanities, including any organization formed for the purpose of developing and promoting the work of artists and the humanities in various visual and performing forms, such as film, sculpture, dance, painting, horticulture, multimedia, poetry, photography, performing arts, zoology, or botany.”

DED will consider applications in the order in which they are received. The amount of the grant shall match the amount of funds supplied to the nonprofit through private sources. All matching funds must be secured by December 31, 2021 and construction on the project must start by June 30, 2022

If the project is less than \$5 million, the maximum grant amount is \$1 million.

If the project is more than \$5 million, but less than \$25 million, the maximum grant amount is \$5 million.

If the project is more than \$25 million, but less than \$50 million, the maximum grant amount is \$10 million.

If the project is more \$50 million, the maximum grant amount is \$15 million.

LB566 contains intent language to appropriate \$25 million from the General Fund and 10% of any Coronavirus Relief Funds received by the State of Nebraska on or after the effective date of this act. LB 566 contains the emergency clause, but for purposes of this fiscal note, DED assumes general fund appropriation occurs in FY2021-22. However, LB566 as drafted, creates a cash fund but does not provide for a transfer of funds to the new cash fund. Federal funds are not assumed but would be appropriated through a federal fund, rather than the cash fund. Without the transfer mechanism, DED also assumes that the funding source is a General Fund appropriation.

The Department estimates that the provisions of LB566 will require the services of an Economic Development Financial Packager to monitor the grant applications, disburse the grants and monitor the matching funds and the project activities through completion. In addition, there will be a \$50,000 one-time cost for building the applications into the grant management software and licensing fees. It is assumed that of the total cash funds available, 25% (\$6.25 million) will be distributed in FY2021-22, 50% (\$12.5 million) in FY2022-23, based on the assumptions above, DED’s appropriation to administer the act would end in FY2022-23, with a portion of the funds unspent.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49280 Econ Dev Financial Packager	1.0	1.0	\$59,460	\$60,010
Benefits.....			23,770	24,360
Operating.....			61,890	12,180
Travel.....			5,940	6,090
Capital outlay.....			8,600	0
Aid.....			6,250,000	12,500,000
Capital improvements.....				
TOTAL.....			\$6,409,660	\$12,602,640