

**FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE**

Updated to reflect amendments as of 5/18/2021

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS		(\$15,00,000)		
CASH FUNDS	See below	\$15,000,000	See below	
FEDERAL FUNDS	See below		See below	
OTHER FUNDS				
TOTAL FUNDS	See below		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 \$1.5 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 allocate \$15 million from the General Fund and Federal Funds as permitted under section 9901 of the American Rescue Plan Act of 2021.

Federal fund expenditures would be dependent upon the amount available to be used for such purposes and whether they would be placed within a new cash fund and would require a transfer or could be appropriated directly to programs related to the Shovel-Ready Capital Recovery and Investment Fund.

Due to the requirements that matching funds be provided, it is reasonable for DED to expend approximately half of its appropriation in the first year and 25% of its funds the second year. As dispersal of funds is ultimately contingent upon DED’s discretion, we have no reason to dispute this dispersal plan, however the full \$15 million will be appropriated in the first year. Total cost is contingent upon DED’s administrative expenditures, and the timing of grant dispersments.

DED estimates that this legislation will require \$50,000 in capital costs plus an Economic Development Financial Packager to implement this legislation which we have no reason to dispute. DED estimates that an Attorney II will be required once Federal Funds become available to comply with ARP and Davis-Bacon and Related Acts, which is reasonable. The appropriation for the Attorney II will be contingent upon Federal Funds received.

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2021

LB<sup>(1)</sup> 566 AM606, AM344, AM1345

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Economic Development

Prepared by: <sup>(3)</sup> Anthony Goins Date Prepared: <sup>(4)</sup> 5/13/2021 Phone: <sup>(5)</sup> 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		(\$7,500,000)		(\$3,750,000)
CASH FUNDS	\$159,630	7,500,000	\$103,540	3,750,000
FEDERAL FUNDS	123,630		117,900	
OTHER FUNDS				
TOTAL FUNDS	<u>\$7,500,000</u>	<u>\$0</u>	<u>\$3,750,000</u>	<u>\$0</u>

**Explanation of Estimate:**

LB566 as amended by AMs 606, 344, and 1345 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, including those who operate sports complexes, may apply for grants to help complete capital projects delayed by COVID-19, that are 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, botany, sports complexes, or restoration work on a facility designated as a National Historic Landmark.

As amended, the bill requires DED to create an application for a grant program to accept applications between July 1 and July 15, 2021. 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 or re-start by June 30, 2022. Grant recipients must also abide by the federal Davis-Bacon and Related Acts. The maximum grant amounts are as follows:

- If the project is less than \$5 million, the maximum grant amount is \$1.5 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 as amended contains intent language to allocate \$15 million in general funds, and “an additional amount of federal funds, subject to the appropriations process, up to the amount needed to fully fund all approved grants from federal funds allocated to states pursuant to the American Rescue Plan Act of 2021 from the Coronavirus State Fiscal Recovery Fund and received by the State of Nebraska on or after the effective date of this act, if such use is permitted under section 9901 of the American Rescue Plan Act of 2021...”

LB 566 contains the emergency clause. DED also assumes that the funding source is the new Shovel-Ready Capital Recovery and Investment Fund, funded by a \$15 million transfer from the General Fund. The Department anticipates that 50% of the awarded grants will be provided to the applicants upon project approval, and the remainder upon completion of the project, insuring that the projects have collected and used the minimum 50% match amounts. It is assumed that of the total cash funds available, 50% (\$7.5 million) will be distributed in FY2021-22, 25% (\$3.75 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 state funds unspent.

DED anticipates that LB 566, as amended, will require the services of an Economic Development Financial Packager to monitor the grant applications, disburse the grants and monitor the matching funds, and work with the accounting complexities associated with mixing federal and state funds in a single program, and the project activities through completion. The Department assumes that the duties of this position will need to be filled before federal funds become available. The Department will also require the services of an Attorney II to develop rules, monitor federal guidelines for the State Fiscal Recovery funds under the American Rescue Plan Act and Davis-Bacon and Related Acts, assist with monitoring grants, and serve as a project manager. It is assumed that this position will be added when federal funds become available. In addition, there will be a \$50,000 one-time cost for building the applications into the grant management software and licensing fees.

**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	\$59,430	\$60,910
G31112 Attorney II	1.0	1.0	67,660	69,350
Benefits.....			50,840	52,100
Operating.....			75,420	26,050
Travel.....			12,710	13,030
Capital outlay.....			17,200	0
Aid.....			7,216,740	3,528,560
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$7,500,000</b>	<b>\$3,750,000</b>