

PREPARED BY: Clinton Verner
 DATE PREPARED: February 3, 2022
 PHONE: 402-471-0056

LB 977

Revision: 00

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	\$29,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$29,000,000			

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

LB977 appropriates \$29 million in ARPA funds to the Department of Economic Development for the purposes of establishing a grant program. LB977 would qualify cities of the second class which partner with public power utilities to expand electrical system capacities and enhance redundancy and resilience.

No basis to disagree with the Department of Economic Development’s analysis.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 977	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond	DATE: 2/3/2022	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 977.			

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2022

LB⁽¹⁾ 977

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 1/27/2022 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	_____	_____	_____	_____
FEDERAL FUNDS	<u>\$2,610,000</u>	_____	<u>\$4,814,000</u>	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u><u>\$2,610,000</u></u>	_____	<u><u>\$4,814,000</u></u>	_____

Explanation of Estimate:

LB977 seeks to appropriate \$29 million to DED for FY2022-23 to award a grant any city of the second class which partners with public power utilities for the purpose of expanding electrical system capacities and enhancing redundancy and resilience. The allocation is to be from federal funds allocated to the State of Nebraska from the federal Coronavirus State Fiscal Recovery Fund pursuant to the federal American Rescue Plan Act of 2021. As such, DED must coordinate and administer the provisions of LB977 in compliance with the federal American Rescue Plan Act of 2021. DED must disburse the funds appropriated to applicants until the appropriation is exhausted.

LB977 would result in additional responsibilities for DED, including the need to develop, implement, and provide the subrecipient monitoring necessarily required to comply with federal statutes and regulations related to the provision of grants to the indicated subrecipients. This would require adequate staffing and infrastructure to support the program throughout the grant program's lifecycle. The grant program developed under LB977 would require appropriate staffing and infrastructure to support the grant program through at least 12/31/2027, and potentially record retention support through 12/31/31. The department would need to add the services of an Attorney to determine ARPA qualification issues and manage the grant program, the services of an Economic Development Consultant I, an internal auditor to assist with federal rules for monitoring subrecipients, an IT Systems Business Analyst to assist with grant management and applicants, and finally a Federal Aid Administrator to assist with the distribution of the ARPA funds. The Department will distribute the grants on a reimbursement basis, and it is expected that the funds will be distributed 10%, 15%, 30%, 30%, and 15% in FY2022-23 through FY2026-27, respectively.

Operating costs include software licensing fees for the department's grant management software and \$7,960 in each year for additional rental space.

Technical Note: It should be noted that this bill would require further development to become an eligible use of ARPA funds. Under the relevant federal statutes and regulations this use of the SFRF funds would either need to be categorized as government services and only utilize funds determined to be replacement of lost revenues or; the Department would need to (1) identify an impacted or disproportionately impacted group that (2) suffered an economic harm directly related to the COVID-19 public health emergency that (3) could be addressed through the specified use of SFRF funds in order to use the funds both as proscribed and in compliance with the relevant federal statutes and regulations.

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>
A49011 Econ Dev. Bus. Consultant I	0.75	1.00	\$43,550	\$59,510
G31112 Attorney II	0.75	1.00	62,030	84,770
A07081 IT Business Systems Analyst	0.25	0.25	15,500	15,890
A19613 Federal Aid Administrator III	0.25	0.25	15,940	16,340
G21200 Internal Auditor	0.00	0.50	0	36,480
Benefits.....			54,810	85,200
Operating.....			84,980	100,260
Travel.....			13,600	21,300
Capital outlay.....			17,200	0
Aid.....			2,302,390	4,394,250
Capital improvements.....				
TOTAL.....			\$2,610,000	\$4,814,000