

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		\$23,000,000		
CASH FUNDS				
FEDERAL FUNDS	\$520,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$520,000,000	\$23,000,000		

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

LB 1079 states intent to appropriate one-half of the federal funds allocated to the State of Nebraska from American Rescue Plan Act Coronavirus State Fiscal Recovery Fund to the Department of Revenue. One-half of the funds allocated is \$520 million.

DOR is given authority to pay for the production of such debit cards and related administrative costs out of the allocated funds. With the remaining amount, it is to be divided equally among Nebraska residents. For each Nebraska resident identified as a dependent, their debit card is to be mailed to the head of household.

There are a number of requirements listed for this direct payment, as follows:

- The payment must be sent in the form of a pre-paid debit card;
- The card can only be used at Nebraska businesses;
- The card cannot be accessed at an ATM or cash-back system; and
- The card cannot be used for gambling.

DOR is required to provide a form for Nebraska residents to notify the department regarding their residence status as of July 1, 2022. This form may require evidence to be provided by the resident.

LB 1079 contains the emergency clause.

Revenue:

The Department of Revenue estimates a one-time increase in General Fund revenue for FY22-23 of \$23,000,000.

Expenditures:

The department estimates operating expenditures of \$7,057,810 to implement the bill, which includes costs for a prepaid debit card vendor, fraud prevention and system setup, web application and online registration system, and personnel. The costs would be included in the federal funds appropriated pursuant to the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1079	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Patrick Redmond	DATE: 2/25/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 1079.		

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:			
Approved by: Tony Fulton		Phone: 471-5896			
Date Prepared: 2/25/2022					
FY 2022-2023		FY 2023-2024		FY 2024-2025	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$ 23,000,000		\$ 0		\$ 0
Cash Funds					
Federal Funds	\$ 520,000,000				
Other Funds					
Total Funds	\$ 520,000,000		\$ 0		\$ 0

LB 1079 appropriates one-half of the federal funds allocated to Nebraska from the federal Coronavirus State Fiscal Recovery Fund under the federal American Rescue Plan Act of 2021, expected to be \$520 million, to the Nebraska Department of Revenue (DOR) for direct distribution to the residents of Nebraska as follows.

DOR must distribute the appropriated funds using prepaid debit cards in an amount which equals one-half of all funds, less the cost of the debit cards, program costs, and administrative costs, divided by the number of residents of Nebraska on July 1, 2022. DOR must mail a prepaid debit card to the address of each resident who has an address on record with DOR as of July 1, 2022. DOR must provide a method of application for residents as of July 1, 2022 who have no address on record with DOR or who do not receive a card. DOR may require evidence of residency in Nebraska as of July 1, 2022. For dependents as determined by DOR, the card will be sent to the head of household for use by the head of household.

DOR must design the card (1) for use at a Nebraska business location only, (2) activation by telephone, and (3) to require use within 12 months after the date of card activation. The card must not be accessible at an ATM, not eligible for cash back at a point-of-sale system, and not be used to make any purchase associated with the direct act of gambling or lottery. The prepaid debit card will have an expiration date, and unused funds will revert back to the SLFR Fund. Federal law indicates the State must use the appropriated SLFR funds by December 31, 2024. See 48 U.S.C. § 802(c)(1). Federal Consumer Financial Protection Bureau Bulletin 2022-02 states that governments cannot require that consumers receive governments benefits only on prepaid debit cards established at a financial institution.

DOR must contract with a prepaid debit card vendor to facilitate the distribution of the prepaid debit cards to Nebraska residents. DOR must consider at least two vendors in Nebraska for procurement before awarding a contract to a vendor.

DOR estimates that the taxable income generated from the distributions will result in a one-time increase in General Fund revenue for Fiscal Year 2022-2023 of approximately \$23 million.

Major Objects of Expenditure

Class Code	Classification Title	22-23	23-24	24-25	22-23	23-24	24-25
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A07082	IT Business Systems Analyst/Coordinator	2.0			\$104,300		
	Benefits.....				\$34,400		
	Operating Costs.....				\$6,919,110		
	Travel.....						
	Capital Outlay.....				\$0		
	Capital Improvements.....						
	Total.....				\$7,057,810		

LB 1079 will require a one-time charge of \$7,057,810 to implement the bill. Included in this cost is \$4 million for a prepaid debit card vendor, \$1,923,400 for fraud prevention and system setup, \$666,540 for web applications and online registration systems, \$329,170 for temporary employees for taxpayer assistance and processing, and \$138,700 for 2.0 FTE Business Systems Analyst/Coordinators. The DOR will be reimbursed for these costs with funds from the federal Coronavirus State Fiscal Recovery Fund under the federal American Rescue Plan Act of 2021.

This bill contains an emergency clause and becomes law upon enactment.