

PREPARED BY: Clinton Verner
 DATE PREPARED: February 7, 2022
 PHONE: 402-471-0056

LB 1277

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	\$7,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$7,000,000			

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

LB1277 appropriates \$7,000,000 from Federal Funds pursuant to the American Rescue Plan to the Nebraska Department of Economic Development to award grants to county agricultural societies with facilities within the city of the primary class.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1277	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Patrick Redmond	DATE: 2/7/2022	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 1277. The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion, of which only \$520 million is currently available. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation.			

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2022

LB⁽¹⁾ 1277

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/4/2022 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>\$2,333,000</u>	<u>\$7,000,000</u>	<u>\$2,333,000</u>	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$2,333,000</u>	<u>\$7,000,000</u>	<u>\$2,333,000</u>	_____

Explanation of Estimate:

LB1277 seeks to appropriate \$7 million in State Fiscal Recovery Funds (SFRF) from the American Rescue Plan Act (ARPA) in FY2022-23 to the Department of Economic Development, to provide funds to a county agricultural society with facilities within a city of the primary class. The funds are to be used for “critical upgrades.” It appears the bill intends to aid the impacted tourism industry. Using ARPA money would require DED to comply with all federal requirements associated with the use of ARPA funds.

LB1277 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 subrecipient. The grant program developed under LB1277 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.

Given a single sub-recipient for this grant, it is estimated that these duties can be accomplished with the services of 0.25 FTE of an internal auditor, who could monitor the activities of the subrecipient as required by ARPA, as well as distribute the funds to the grantee. The bill contains the emergency clause, and for purposes of this note, DED assumes that the funds will become available on 7/1/2022. Operating costs include \$7,960 annually for software licensing for the department’s grant management software.

DED also assumes that the grant will be distributed on a reimbursement basis, with one-third of the grant reimbursed annually FY2022-23 through FY2024-25.

Technical Note: A county agricultural society is a unit of local government and would be considered a sub-recipient of ARPA funds. It also appears the bill intends to aid the impacted tourism industry. Federal guidance indicates that for the tourism industry, uses for the SFRF funds as those that “mitigate financial hardship, such as supporting payroll costs, lost pay and benefits for returning employees, support of operations and maintenance of existing equipment and facilities.” However, if a proposed use is outside of the enumerated uses, the use be “related to and reasonably proportional” to the harm suffered by the business withing the impacted industry to be helped. This could impact and limit the ability to use ARPA funds as envisioned in LB1277.

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>
G21200 Internal Auditor	0.25	0.25	\$17,790	\$18,240
Benefits.....			7,120	7,300
Operating.....			11,520	11,600
Travel.....			1,780	1,820
Capital outlay.....			8,600	0
Aid.....			2,286,190	2,294,040
Capital improvements.....				
TOTAL.....			\$2,333,000	\$2,333,000