

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See below		See below
CASH FUNDS		See below		See below
FEDERAL FUNDS				
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.

LB629 makes the following changes to the Middle Income Workforce Investment Act:

- 81-1237, Sec. 1, strikes subsection 4;
- 81-1237, Sec. 1, subsection 6, expands qualified activities to include grants, loans, and forgivable loans;
- Clarifies and the definitions of Urban community;
- Amends the definition of Workforce housing under the act to be owner-occupied housing units that have a total housing construction cost of \$275,000 excluding infrastructure improvements, lot acquisition, and similar construction preparation cost;
- Amends the substantial rehabilitation provision to have the after-construction appraised value be updated annually by the Department of Economic Development based upon the most recent increase or decrease in the Producer Price Index for all commodities;
- Adds, "Reducing barriers to the development and purchase of owner-occupied housing with flexible forms of assistance, including grants, forgivable loans, and other forms of long-term, patient financing" as a basis to award grants;
- Creates intent to transfer an amount of money from the General Fund to the Middle Income Workforce Housing Investment fund and place the transfer within a subaccount of the fund for use to fund affordable housing and related land parcel preparation activities under the Economic Recovery Act;
- Makes funds of the subaccount eligible to return to the fund should they fail to be spent after 24 months;
- Exempts the use of the subaccount from the reporting provisions of the Middle Income Workforce Housing Fund;
- Amends the Economic Recovery Act to allow funds to be used on:
 - o Costs and fees associated with legal land surveys and structural assessments;
 - o Development of access to essential utilities;
 - o Testing of environmental contaminants;
- States funds within the subaccount of the Middle Income Workforce Housing Fund used for ERA provisions are not subject to the time constraints of the American Rescue Plan Act.

The bill includes intent to transfer an indeterminate amount from the General Fund to the Middle Income Workforce Housing Investment Fund in FY23-24 and FY24-25.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	629	AM:	AGENCY/POLT. SUB: Nebraska Department of Economic Development	
REVIEWED BY:	Ann Linneman	DATE:	2-17-2023	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Economic Development's assessment of fiscal impact.				

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 629

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/15/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>(See Below)</u>	<u> </u>	<u>(See Below)</u>	<u> </u>
CASH FUNDS	<u>(See Below)</u>	<u> </u>	<u>(See Below)</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>(See Below)</u>	<u> </u>	<u>(See Below)</u>	<u> </u>

Explanation of Estimate:

LB629 would change provisions of the Middle Income Workforce Housing Investment Act (MIWH) and the Economic Recovery Act. These provisions include changing the definition of the cost of "owner-occupied housing units" from "after construction appraised value" to "total housing construction cost," broadens eligibility for grant funds from qualified census tracts (QCTs) to include census tracts adjacent to QCTs, removing the prohibition on stacking MIWH grants with other state and federal funding sources, and requiring DED to annually update housing costs using the Producer Price Index.

In addition, the bill contains intent language to transfer an undetermined amount of dollars from the General Fund to the MIWH cash fund in FY2023-24 and FY2024-25. These funds are to be placed in a subaccount of the cash fund and are to be earmarked for funding affordable housing and related land preparation activities under the Economic Recovery Act.

An expansion of the MIWH program would require some number of additional staff members, depending upon the size of the expansion. In addition, removing the prohibition against stacking benefits would make the MIWH much more complicated to administer. This would result in the need for more compliance staff to monitor the program, the number will depend upon the size of the General Fund transfers into the program.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>