PREPARED BY: DATE PREPARED: PHONE: Liz Hruska February 03, 2021 402-471-0053 **LB 394**

Revision: 01

FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to include a new agency response

TOTAL FUNDS

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

FY 2021-22

EXPENDITURES

REVENUE

EXPENDITURES

CASH FUNDS

CASH FUNDS

OTHER FUNDS

OTHER FUNDS

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

This bill creates the Public Health Emergency Housing Protection Act. The bills allow local governmental entities to establish a moratorium on any evictions and foreclosures during a public health emergency. Local governmental entities include counties, municipalities, or public health departments. The Public Health Emergency Housing Assistance Fund is created to be administered by the Department of Health and Human Services. The fund shall consist of revenue received from gifts, grant or fees and federal Conronavirus Aid, Relief, and Economic Security Act funding. In determining eligibility for receipt of the funds in the Public Health Emergency Housing Assistance Fund, it shall be liberally construed.

The state received \$3,184,930 in CARES Act funding. As of the end of the calendar year 2020, the state Coronavirus website shows all funds to be obligated or expended. Other federal housing funding is managed under the Department of Economic Development. Transfer of those funds are not allowed by federal law.

It does not appear there is another source of funding that would flow into the Public Health Emergency Housing Assistance Fund. The state would be able to accept gifts or receive private grants for deposit into the fund.

Technical Note: The bill directed federal funds to be deposited into the Public Health Emergency Housing Cash Fund. Federal funds are received by the state as a line of credit and expended as federal funds.

ADMI	NISTRATIVE SERVI	CES STATE BUDGET DIVISION: REVIEW OF AGE	ENCY & POLT. SUB. RESPONSE
LB: 394	AM:	AGENCY/POLT. SUB: Nebraska I	Department of Health & Human Services
REVIEWED BY	: Lucas Martin	DATE: 02/2/2021	PHONE: (402) 471-4181
COMMENTS: N	lo basis to disagree	with the Department of Health & Human Services' a	ssessment of fiscal impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 394	AM:	AGENCY/POLT. SUB: Nebraska	Department of Revenue		
REVIEWED BY	: Lucas Martin	DATE: 02/2/2021	PHONE: (402) 471-4181		
COMMENTS: No basis to disagree with the Department of Revenue's assessment of no fiscal impact.					

ADMINI	ISTRATIVE SERVICES	STATE BUDGET DIVISION: REVIEW OF AGENC	CY & POLT. SUB. RESPONSE	
LB: 394	AM:	AGENCY/POLT. SUB: Lancaste	er County Assessor/Register of Deeds	
REVIEWED BY:	Lucas Martin	DATE: 01/22/2021	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Lancaster County Assessor's assessment of fiscal impact.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 394	AM:	AGENCY/POLT. SUB: Lancaster	County Sheriff's Office		
REVIEWED BY	Y: Lucas Martin	DATE: 02/2/2021	PHONE: (402) 471-4181		
COMMENTS: No basis to disagree with the Lancaster County Sheriff's Office's assessment of no fiscal impact.					

ADMI	NISTRATIVE SERVIC	ES STATE BUDGET DIVISION: REVIEW OF AGE	NCY & POLT. SUB. RESPONSE
LB: 394	AM:	AGENCY/POLT. SUB: Nebraska D	repartment of Economic Development
REVIEWED BY	: Lucas Martin	DATE: 02/3/2021	PHONE: (402) 471-4181
COMMENTS: N	No basis to disagree w	rith the Department of Economic Development's ass	sessment of fiscal impact.

	ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION						
State Agency or Political Sub	odivision Name:(2) Depart	ment of Health and Hu	man Services				
				(-)			
Prepared by: (3) Mike Michalski	Date Prepared	d 2-1-2021	Pho	one: (5) 471-6719			
	FY 2021-20	022	FY 2022-	2023			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS	-						
FEDERAL FUNDS	(\$6,137,299)		(\$6,137,299)				
OTHER FUNDS							
TOTAL FUNDS	(\$6,137,209)		(\$6,137,209)				
							

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Sections 9.2.a and 9.2.b in LB 394 require the Department of Health and Human Services (DHHS) to utilize all available federal housing assistance grants to provide the housing assistance in this bill. There will be significant negative fiscal impact on DHHS existing programs—Community Services Block Grant (CSBG), and Emergency Solutions Grant (ESG) if this occurs.

ESG federal funds cannot be utilized for mortgage assistance per federal regulations. Federal regulations require that 90% of CSBG funds be allocated to Community Action Agencies (CAAs) to conduct needs assessment and fund services within their service area. Thus, CSBG funds cannot be reallocated to implement this bill. Lastly, federal rules and regulations prevent DHHS from moving funds from a federal grant to a Cash fund. Using the funds as outlined in LB 394 puts the federal funding in je opardy.

The potential loss of federal funding for CSBG and ESG will be \$5,127,400 and \$1,009,899 respectively. It is unknown if the funding loss to the Department would be replaced with other funds.

WAJOK	OBJECTS OF EXPENDITURE		
PERSONAL SERVICES:			
	NUMBER OF POSITIONS	2021-2022	2022-2023
POSITION TITLE	21-22 22-23	EXPENDITURES	EXPENDITURES
Benefits.			
Deficits			
Operating	······		
Travel			
Capital Outlay			
Aid		(\$6,137,209)	(\$6,137,209)
Capital Improvements		· · · /	· · · · · · · · · · · · · · · · · · ·
		(\$6,137,209)	

LB 394 Fiscal Note 2021

State Agency Estimate						
State Agency Name: Department of Revenue Date Due LFO:						
	Date Prepared:	2/1/2021		Phone: 471-5896		
FY 2021-	-2022	FY 2022	<u>-2023</u>	FY 2023	3-2024	
Expenditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue	
Minimal	See below	Minimal	See below	Minimal	See below	
Minimal	See below	Minimal	See below	Minimal	See below	
	FY 2021- Expenditures Minimal	Revenue Date Prepared: FY 2021-2022 Expenditures Revenue Minimal See below	Date Prepared: 2/1/2021 FY 2021-2022 FY 2022 Expenditures Revenue Expenditures Minimal See below Minimal Minimal See below See below	Date Prepared: 2/1/2021 FY 2021-2022 FY 2022-2023	Revenue Date Due LFO: Date Prepared: 2/1/2021 Phone: 471-5896 FY 2021-2022 FY 2022-2023 FY 2023 Expenditures Revenue Expenditures Minimal See below Minimal See below Minimal	

LB 394 adopts the Public Health Emergency Housing Protection Act, to allow a municipality, county board, or public health department to enact a moratorium on any evictions and foreclosures within its jurisdiction if it finds doing so is necessary to protect the public welfare from the spread of a virus or infectious disease. While the moratorium is in effect, rental agreements cannot be terminated and no eviction actions or judicial foreclosure actions can be taken.

Under section 8 of the bill, no political subdivision can assess late fees, interest, or penalties on any property taxes or special assessments that became delinquent on property while such a moratorium is in effect, and for the following six months, on a property that contains one or more dwellings rented to tenants. This protection is provided to a landlord so long as the landlord notifies the county clerk that they are covered by such a moratorium on or before the first date any property tax or special assessment becomes delinquent.

The Department of Revenue is to develop a standard form to be used to provide such notice to the county clerk.

It is estimated that there will be minimal cost to the Department to implement the bill.

This bill will have no impact on General Fund revenues.

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

Major Objects of Expenditure							
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures
Benefits							
Operating Costs							
Travel	Travel						
Capital Outlay	Capital Outlay						
Capital Improvemen	Capital Improvements.						
Total							

LB ⁽¹⁾ 394			FISCAL NOTE
State Agency OR Political Subdivision Name:	Lancaster County A	ssessor/ROD	
Prepared by: (3) Scott Gaines	Date Prepared: (4)	1/20/21 Phone:	(5) 402-441-6580
ESTIMATE PRO	VIDED BY STATE AGENCY	OR POLITICAL SUBDIVI	SION
	FY 2021-22	FY 20	922-23
EXPENDITUR		EXPENDITURES	REVENUE
GENERAL FUNDS	<u> </u>		
CASH FUNDS			
FEDERAL FUNDS	_	<u> </u>	
OTHER FUNDS			
TOTAL FUNDS	<u> </u>		
Explanation of Estimate:			
time to verify which Notices of Default	t may need to be rejected.		
BREAKD	OWN BY MAJOR OBJECTS	OF EXPENDITURE	
Personal Services:	NUMBER OF POSITIONS	2021 22	2022 22
POSITION TITLE	21-22 22-23	2021-22 EXPENDITURES	2022-23 <u>EXPENDITURES</u>
_			
Benefits			
Operating			
Travel			
Capital outlay			
Aid			
Capital improvements			
TOTAL			

LB ⁽¹⁾ 394			FISCAL NOTE
State Agency OR Political Subdivision Name: (2	Lancaster County	Sheriff's Office	
Prepared by: (3) Sheriff Terry Wagner	Date Prepared: (4)	01-27-2021 Phone: (5	402 441 6500
ESTIMATE PROV	VIDED BY STATE AGENC	CY OR POLITICAL SUBDIVIS	ION
<u>EXPENDITURI</u>	<u>FY 2021-22</u> <u>ES REVENUE</u>	<u>FY 202</u> <u>EXPENDITURES</u>	<u>22-23</u> <u>REVENUE</u>
GENERAL FUNDS	<u> </u>		
CASH FUNDS			
FEDERAL FUNDS			
OTHER FUNDS		·	
TOTAL FUNDS			
Explanation of Estimate: No known fiscal impact			
PREATO	OVER THE TOP OF THE COLUMN TO		
Personal Services:	OWN BY MAJOR OBJECT	S OF EXPENDITURE	
	NUMBER OF POSITIONS		2022-23
POSITION TITLE	$\frac{21-22}{}$ $\frac{22-23}{}$	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits			
Operating			
Travel			
Capital outlay			
Aid			-
Capital improvements			
TOTAL			

		FISCAL NOTE
Nebraska Departr	nent of Economic Develop	ment
Date Prepared: (4) 2/2/2021 Phone		402-471-3777
DED BY STATE AGEN	CY OR POLITICAL SUBDIVIS	ION
2021-22	FY 202	<u>2-23</u>
<u>REVENUE</u>	EXPENDITURES	<u>REVENUE</u>
(\$11,700,000)	(\$11,900,000)	(\$11,900,000)
(\$17,900,000)	(\$17,900,000)	(\$17,900,000)
	_	
(\$29,600,000)	(\$29,800,000)	(\$29,800,000)
	Date Prepared: (4) DED BY STATE AGEN 2021-22 REVENUE (\$11,700,000) (\$17,900,000)	Nebraska Department of Economic Develop Date Prepared: (4) 2/2/2021 Phone: (5) DED BY STATE AGENCY OR POLITICAL SUBDIVIS 2021-22 FY 202 REVENUE EXPENDITURES (\$11,700,000) (\$11,900,000) (\$17,900,000) (\$17,900,000)

Explanation of Estimate:

LB394 adopts the Public Health Emergency Housing Protection Act which allows for a moratorium period on evictions and mortgage foreclosures during a public health emergency.

Section 9 of the bill creates the Public Health Housing Emergency Assistance Fund in DHHS which would consist of all money that is "received as gifts or grants or collected as fees or charges from any source, including federal, state, public, and private for purposes of housing assistance; and Federal funds which are available to the state of Nebraska and are related to the COVID-19 emergency response and which may be used for housing assistance."

This section of LB394 would result in the transfer of funds from DED-administered programs to the Public Health Housing Emergency Assistance Fund in DHHS. The DED programs affected by Section 9 of LB394 include the federal CDBG (\$11.0 million), HOME (\$3.9 million), National Housing Trust Fund (\$3 million) programs; and the state Affordable Housing Trust Fund (\$11.7 million). It is unclear whether the current housing programs would continue under DHHS, and how this would affect DED staffing.

These provisions of LB394 would affect DED's relationship with the federal government's Department of Housing and Urban Development (HUD) and violate federal requirements for receiving and spending federal funds. For housing assistance related activities, DED manages federal programs including Community Development Block Grant (CDBG), the HOME Investment Partnership Fund, and the National Housing Trust Fund. Comingling these funds as required by LB394 would put the state at risk for non-compliance and being required to pay back expended funds.

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<u>BREA</u>	<u>KDOWN BY MAJO</u>	<u>DR OBJECTS OI</u>	<u>F EXPENDITURE</u>	
Personal Services:			-	
	NUMBER OF POSITIONS		2021-22	2022-23
POSITION TITLE	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits				
Operating				
Travel				
Capital outlay	• • • • • • • • • • • • • • • • • • • •			
Aid				
Capital improvements				
TOTAL				