



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0355 - Appropriate funds for local government infrastructure projects (Fitzpatrick, John)

Status: As Amended in House Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$473,369	\$266,641,701	\$464,559	\$471,528
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	(\$473,369)	(\$266,641,701)	(\$464,559)	(\$471,528)

Description of fiscal impact: HB 355 appropriates \$267 million from the general fund to the Department of Commerce for disbursement to counties for the purpose of making grants to eligible infrastructure projects and requires the department to administer the grant program.

FISCAL ANALYSIS

Assumptions:



1. Pursuant to Section 6 of the bill, the department will review all recommendations and applications submitted by the county, administer the grants, and disburse the funds directly to the applicants. For the purposes of this fiscal note, it assumed each county will submit an average of three applications resulting in 168 applications submitted for review to the department, and a corresponding number of grants to be administered over the life of the approved projects.
2. Due to the deadline of December 31, 2023 for accepting applications provided in Section 6, it is assumed payments to grantees would not begin until after July 1, 2024, and accruals would be established for undisbursed funds at the end of FY 2025.
3. Section 11 of the bill requires applicants to submit quarterly progress reports to the department. Based on the number of assumed projects, there would be 672 reports submitted each year until the projects are completed.

4. Per Section 13 of the bill, the department will ensure each grant recipient has a budget and implementation schedule, review and approve the project management plan, ensure the grant recipient is in compliance with auditing and reporting requirements, enter into a contract with each grant recipient, and distribute funds to grant recipients on a reimbursement basis as the grant recipient incurs eligible expenses.
5. The initial review of applications, contracting with grantees, and continued grant administration, including review of quarterly reports, expense reimbursement requests, follow up regarding problems, questions, or any misspent funds, would require the equivalent of 0.25 FTE Administrative Assistant, 0.50 FTE Accountant, 1.00 FTE Program Specialist II, and 3.00 FTE 00 Program Specialist I, as well as associated operating expenses.

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<u>Fiscal Impact:</u>				
FTE	4.75	4.75	4.75	4.75
<u>Expenditures:</u>				
Personal Services	\$398,757	\$398,757	\$404,738	\$410,809
Operating Expenses	\$74,613	\$58,938	\$59,822	\$60,719
Grants	\$0	\$266,184,006	\$0	\$0
TOTAL Expenditures	<u>\$473,370</u>	<u>\$266,641,701</u>	<u>\$464,560</u>	<u>\$471,528</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$473,370	\$266,641,701	\$464,560	\$471,528
TOTAL Funding of Exp.	<u>\$473,370</u>	<u>\$266,641,701</u>	<u>\$464,560</u>	<u>\$471,528</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$473,370)	(\$266,641,701)	(\$464,560)	(\$471,528)

Technical Notes:

1. Page 1 Section 3 appropriates \$267 million to the department of commerce to distribute to the counties as allocated in Section 12. However, the total allocations in Section 12 are \$266,184,006 million. It is unclear if the unallocated balance is intended to be used by the department to administer the program.
2. HB 355, as amended, specifically provides up to 4.00 FTE to the department for the administration of the grant program. However, due to the additional duties assigned to the department in Section 13 of the amended bill and based of the department’s experience administering similar grant programs, the department estimates it would require the equivalent of 4.75 FTE to adequately support the program requirements specified in the bill.


2/27/23

2-27-23
 Sponsor's Initials Date Budget Director's Initials Date