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LB 751

Revision: 01

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised on 3/1/12 based on amendments adopted through 2/29/12.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	(\$93,008)		(\$97,008)	
FEDERAL FUNDS		See Below		See Below
OTHER FUNDS				
TOTAL FUNDS	(\$93,008)		(\$97,008)	

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 751, as amended includes the provisions of several bills relating to motor vehicles. The following narrative describes sections of the bill which may have a fiscal impact.

**LB 751:** The original bill as introduced updates sections of current law dealing with motor vehicles to comply with federal law. The bill allows a repeat offender using an ignition interlock permit to drive to an ignition interlock service facility. The change brings Nebraska into compliance with federal law. This insures the state will qualify for about \$6.7 million of federal highway funds in the future.

**LB 718:** Sections 2–4, 7-12, & 15 contain the provisions of LB 718 changing the deposition of fees for motor vehicle titles issued for fleet vehicles by the Department of Motor Vehicles (DMV). Currently, the \$10 title fee is deposited into the Motor Carrier Division Cash Fund. The bill provides for \$4 of the fee to be credited to the DMV Cash Fund and \$6 to be credited to the Motor Carrier Division Cash Fund. DMV estimates about 18,500 titles are issued by DMV annually. If so, then approximately \$74,000 of revenue from the title fees will accrue to the DMV Cash Fund rather than the Motor Carrier Division Cash Fund each year.

**LB 724:** LB 724 is amended into the bill. It provides that texting while driving a commercial motor vehicle is prohibited beginning October 27, 2013. Commercial motor vehicle operators convicted of texting while driving will have points taken off their drivers' license, be subject to disqualification and be fined as provided in the bill. Fines of \$200 are to be assessed for the first offense, \$300 for a second offense and \$500 for third and subsequent offenses.

DMV indicates there will be a penalty for federal noncompliance if the state does not enact a law prohibiting commercial motor vehicle operators from texting while driving. The penalty will be a loss of federal highway funds in the amount of \$11.1 million in the first year and \$22.2 million in the second and subsequent years. The penalties will be assessed beginning in 2013-14.

The number of persons who will be fined for texting while driving pursuant to the bill is unknown, but is projected to be small. Revenue received from fines accrues to the county where the traffic infraction occurs to be used by public schools.

**LB 726:** Several sections of the bill contain the provisions of LB 726 eliminating requirements for DMV to mail notices of license revocations or suspensions in certain instances by registered or certified mail. The requirements are amended to provide for notifications via regular U. S. mail. DMV indicates the bill will reduce annual cash fund postage expenditures for approximately 48,000 mailings. The net annual savings to use regular mail for the notifications is \$155,064.

**LB 748:** Section 57 of the bill repeals current law prohibiting the registration of a motor vehicle or trailer or the licensing of a motor vehicle operator when there is a warrant for the arrest of a person seeking to register a vehicle or trailer or obtain an operator's license. The arrest warrant in question must arise from an alleged violation of a state statute or municipal ordinance involving the use of a motor vehicle or trailer. The bill also eliminates the requirement for courts to submit a list of such warrants on a monthly basis to counties and the DMV.

The repeal of the requirements will have no fiscal impact because DMV indicates the information is not currently provided to the department and counties in order to prohibit a person with the aforementioned warrant from registering a vehicle or obtaining an operator's license.

**LB 769:** Sections 24, 26 and 32 require applicants for duplicate or replacement motor vehicle operator's licenses or state identification cards to apply to the DMV rather than the county treasurer for the licenses or cards. Applicants for LPC-learner permits are also required to apply for a permit at the DMV, beginning on May 1, 2012.

The changes in application requirements increases the workload of the DMV to check the driving record and national information and driver registers of applicants in order to issue duplicate licenses or identification cards. One-time computer programming costs will be incurred in the initial year for the state to issue duplicate drivers' licenses. DMV projects the need for one new IT Applications Developer to implement these provisions at a cost of \$62,056 cash funds in FY2012-13. The new position will work on this project as well as several other DMV projects associated with licensing applications and on-line services.

This fiscal note assumes the additional position is necessary to implement the bill in FY2012-13, but the parameters of the bill are not sufficient to require a full-time IT Applications Developer in the future. However, DMV projects the need to continue the position to have adequate staff to provide programming for driver licensing services. The estimated cost for the programmer is \$58,056 in FY2013-14.

Counties will have a decreased workload pursuant to the bill but will continue to receive driver licensing fees for duplicate licenses or state identification cards issued in a county.

Summary: In summary, LB 751, as amended, increases cash fund expenditures for the DMV by \$62,056 in FY2012-13 and \$58,056 in FY2013-14 for an IT Applications Developer. The bill also decreases annual cash fund expenditures of the DMV by \$155,064 to use regular mail versus certified mail for license revocation notices. The net cash fund fiscal impact is a decrease of \$93,008 in cash fund expenditures for DMV in FY2012-13 and \$97,008 in FY2013-14. The passage of the bill also insures the state will qualify for federal highway safety funds in the future.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	DATE	2/29/12	PHONE	471-2526
COMMENTS					
NEBRASKA DEPARTMENT OF MOTOR VEHICLES: No basis to dispute agency analysis for DMV relative to the impact of AM1939, AM2032, AM2078 and AM2190 to LB 751.					

**LB 751 As Amended by AM 1939, AM 2032, AM2078 & AM2190**

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**NEBRASKA DEPARTMENT OF MOTOR VEHICLES**

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LEGISLATIVE FISCAL

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Explanation of Estimate:

The committee amendment, AM 1939 combines several bills presented to the committee. As amended, LB 751 has the following fiscal impact to DMV:

Changes the authorized uses of an ignition interlock permit for a repeat offender to mirror federal law and keep Nebraska in compliance. Failure to maintain compliance of Federal provisions in 23 CFR 1275 and 23 CFR 1313 could jeopardize Nebraska's qualification for highway funds in years subsequent to 2011. Approximately \$6.7 million would be transferred from the National Highway System, Interstate Maintenance and Surface Transportation Program to Nebraska's 402 Highway Safety Program.

Changes provisions relating to certificates of title and the distribution of titling fees. Prior to recodification of the Motor Vehicle Certificate of Titling Act in 2005 title fees were split with \$4 going to the DMV Cash Fund and \$6 to the Motor Carriers Cash Fund. During the recodification process, critical language from the prior statute governing this distribution was dropped leading to the unintended change in the title fee distribution to all \$10 going to the MCS Cash Fund. Distribution of titling fees will be restored to the precodification split. The actual fiscal impact to the affected funds will be dependent upon the number of titles issued.

Estimated Titles	MCS	
	DMV Cash Fund	Cash Fund
18,500	74,000	(74,000)

POSITION TITLE	MAJOR OBJECTS OF EXPENDITURE		FY 2012-2013 EXPENDITURES	FY 2013-2014 EXPENDITURES
	NUMBER OF POSITIONS			
	12-13	13-14		
IT Applications Developer	1.0	1.0	\$ 41,026	\$ 41,026
Benefits			\$ 17,030	\$ 17,030
Operating			\$ (151,064)	\$ (155,064)
Travel				
Capital Outlay				
Aid				
Capital Improvements				
Total			\$ (93,008)	\$ (97,008)

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

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**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

Changes provisions relating to commercial driver medical examinations and prohibits texting while driving a commercial motor vehicle. While there is no direct fiscal impact to DMV, there is a federal noncompliance issue associated with failure to enact a law prohibiting texting that would result in a 5% penalty of approximately \$11.1 million the first year and 10% penalty of \$22.2 million the second and subsequent years to Highway Trust Fund.

Eliminates certain certified and registered mail requirements of the department relating to notifications. Notification would continue through regular mail saving considerable appropriation on postage. DMV estimates that nearly 65% of the certified notifications are returned unclaimed costing almost \$102,000 annually.

Estimated Postage Savings	Number	Cost	Savings
Certified Mailings	48,000	\$ 3.29	\$ 157,920
Postage Surcharge		13.75%	\$ 21,714
Cost of first class		\$ 0.45	\$ (21,600)
Postage Surcharge		13.75%	\$ (2,970)
Net Savings			\$ 155,064

Eliminates the county treasurers from the duplicate and replacement driver licensing process. The county treasurers will continue to collect the driver licensing fees for those cards issued in their county.

DMV is requesting the creation of an IT Applications Developer to assist in the computer programming for changes in the driver licensing issuance process. A backlog of needed computer changes exist today that jeopardize ongoing operations as well as new program changes needed for future legislative changes and federal mandates. This position would be dedicated to the driver licensing services division and provide backup to existing staff.

IT Applications Developer	Annual Salary	\$ 41,026
	Benefits	\$ 17,030
	Computer, etc.	\$ 4,000
	Total	\$ 62,056