

Revised on 4/4/14 based on amendments adopted through 4/2/14.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		(\$4,400)	\$55,138	\$28,520
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$4,400)	\$55,138	\$28,520

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

LB 383 provides for the issuance of Military Honor license plates beginning January 2, 2016. There shall be six designs, one for each of the armed forces. The plates may be either numerical or message plates. Applicants for numerical plates must pay an annual \$5.00 fee which is credited to the Nebraska Veteran Cemetery System Operation Fund (NVCSO). Persons purchasing message plates must pay an annual \$40 plate fee of which 75% is deposited in the NVCSO fund and 25% accrues to the Department of Motor Vehicles (DMV) Cash Fund. The bill also eliminates an additional \$5.00 annual plate fee for prisoner of war plates and Purple Heart plates beginning in FY2014-15. Persons eligible for military plates must register with the Department of Veterans Affairs in order to be approved to purchase military honor plates.

All applicants for plates also pay the regular per plate fee, which is capped at \$3.50 by current statute. If the manufacturing cost of the plates exceeds the amount charged as a regular plate fee, then the difference between the manufacturing costs and the amount charged is credited to the Highway Trust Fund (HTF) instead of the NVCSO Fund. The bill also has language providing for the plates to be designed to limit the manufacturing cost to equal to or less than the amount charged for the plates.

Expenditures: LB 383 increases one-time expenditures of the DMV by \$9,344 of cash funds in FY2015-16 to modify the Vehicle Titling and Registration and plate management computer systems to accommodate the new military honor plates. The department also indicates the addition of another specialty plate requires one new staff member to meet customer demands and maintain quality control. The need for a Business Applications Support Technician is projected at a cost of \$43,294 cash funds beginning in FY2015-16. Associated one-time cash fund expenses are \$2,500 in FY2015-16.

DMV indicates there are about 142,500 veterans in the state and about 15,000 active duty National Guard and Reserve personnel. So, there may be about 157,500 individuals who could apply for military honor plates. This fiscal note assumes about 5% (7,850) of the people eligible will apply for military honor plates. It is assumed half of this number (3,920) will apply in the initial fiscal year due to the issuance of the plates for only six months in FY2015-16. It is also assumed that 90% of the plates issued will be numerical and 10% will be personalized.

Assuming the manufacturing cost is equal to the price charged for a plate, then expenditures by the HTF and revenue received by the fund from plate charges will equal \$27,440 (\$7.00/set x 3,920 sets) in FY2015-16. If the manufacturing expense is higher than the amount charged for a regular plate, then the difference between the manufacturing costs and the amount charged is credited to the HTF instead of the NVSCO Fund.

Revenues: Increased revenue from the \$5 annual fee for a military honor numerical plate will be deposited in the NVCSO Cash Fund and \$40 fee for a personalized plate will be deposited in the DMV Cash Fund and the NVCSO Fund. The NVCSO Fund will also have reduced revenue beginning in FY2014-15 due to the elimination of the annual additional \$5.00 fee for a POW or Purple Heart license plate. The following table shows the estimated revenue assuming 3,920 sets of military honor plates are issued in FY2015-16 and 7,850 sets are issued in FY2016-17.

<u>TYPE OF PLATE</u>	<u>Fee</u>	<u>Est. # of Sets</u>	<u>Revenue 2014-15</u>	<u>Revenue 2015-16</u>	<u>Revenue 2016-17</u>
<u>FY16</u>					
Numerical Plate – NVCSO CF	\$5.00	3,528		\$17,640	
Personalized Plate - DMV CF	\$10.00	392		\$3,920	
Personalized Plate - NVCSO CF	\$30.00	392		\$11,760	
<u>FY17</u>					
Numerical Plate – NVCSO CF	\$5.00	7,065			\$35,325
Personalized Plate - DMV CF	\$10.00	785			\$7,850
Personalized Plate - NVCSO CF	\$30.00	785			\$23,550
Total Est. Revenue				\$33,320	\$66,725
Less: Revenue decrease from Purple Heart and POW plates - NVCSO Cash Fund	\$5.00		-4,400	-4,800	-4,800
Total Revenue Impact			-\$4,400	\$28,520	\$61,925

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2014-2015		FY 2015-2016	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$ -		\$ 67,358	\$ 72,605
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$ -	\$ -	\$ 67,358	\$ 72,605

Explanation of Estimate:

Program 70

LB 383 as amended provides for the issuance of Military Honor license plates beginning January 2, 2015. There will be up to six different military branch designs available either as alphanumeric or personal message plates. This will require modification to the existing VTR and Plate Management Computer systems. It is estimated that 115 hours of programming will be necessary to modify the systems to accommodate the new plates.

Computer Programming 115 hours @\$81.25/hr \$ 9,344

Due to the growth in specialty license plates over the past few year, DMV is requesting an additional FTE to assist with the processing of the additioanl plate requests and maintaining quality control. The position would be a Business Applications Support Tech.

	FTE	Salary	Benefits	Total Annual	Start-up Costs
Bus. App. Tech S07541	1.0	\$30,210	\$12,084	\$ 42,294	
Desk, computer, etc.					\$ 2,500
Office Supplies				\$ 1,000	
Total				\$ 43,294	\$ 2,500

Program 90

There are approximately 142,500 veterans in Nebraska with an additional 15,000 active duty, National Guard, and Reserve creating a potential pool of 157,500 applicants. Based upon past experience with new plate issues, 5,000 applicants are anticipated in the first year of availability.

FY16 6,420 Plates @3.60 \$ 23,112

MAJOR OBJECTS OF EXPENDITURE

POSITION TITLE	NUMBER OF POSITIONS	FY 2014-2015		FY 2015-2016	
		14-15	15-16	EXPENDITURES	EXPENDITURES
Business Application Tech S07541	1.0	1.0			\$ 30,890
Benefits					\$ 12,356
Operating					\$ 1,000
Travel					
Capital Outlay					
Aid					
License Plate Production					\$ 23,112

Total

\$ -

\$ 67,358

LB 383 as amended by AM1169 and AM2635 FISCAL NOTE

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

A transfer of \$46,000 would be needed in FY2016 to provide the necessary funding for the license plate production.

Revenues

Applicants will pay, in addition to the plate fee, a \$5 fee for each alphanumeric set and \$40 for each personalized set of Military Honor Plates.

Estimated number of Plates Issued FY16	Number	Fee	Cemetery Fund	DMV Cash Fund
Numeric Sets	1,284	\$ 5.00	\$ 6,420	
Message Sets	1,926	\$ 40.00	\$ 57,780	\$ 19,260
			\$ 64,200	\$ 19,260
Loss of \$5 fee from Purple Heart, POW, PHS, etc	Number	Fee	Cemetery Fund	DMV Cash Fund
	2,171	\$ 5.00	\$ (10,855)	
Total Revenue			Cemetery Fund	DMV Cash Fund
	FY16		\$ 53,345	\$ 19,260

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2014

**LB⁽¹⁾ 383
(AM 2757) FISCAL NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ NEBRASKA DEPARTMENT OF VETERANS' AFFAIRS

Prepared by: ⁽³⁾ GARY MAIXNER Date Prepared: ⁽⁴⁾ APR 03, 2014 Phone: ⁽⁵⁾ 402-471-2458

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	10,915	_____	26,665
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>10,915</u>	<u>_____</u>	<u>26,665</u>

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

Explanation of Estimate:

The establishment of the Military Honor License plates and the corresponding fees proposed in this bill may result in an increase of revenue into the Nebraska Veteran Cemetery Operation Fund #22820.

Assuming 3% of the state's veteran population (140,000) applies for plates there may be 4200 sets of plates sold. Further assuming that 10% of the applications received would be for personalized plates would produce the following data when applying the proposed \$5.00 additional fee per alphanumeric license plate and \$30 per personalized plate to be credited to the Nebraska Veteran Cemetery Operation Fund #22820:

Alphanumeric plates	3780	\$18,900 in revenue
Personalized plates	420	\$12,600 in revenue

If so, the Nebraska Veteran Cemetery Operation Fund would receive \$31,500 in increased revenue

As written this portion of the bill would become effective Jan. 2, 2015. Assuming 50% of the estimated number of applicants apply during the latter half of the fiscal year \$15,750 in increased revenue may be received for FY 14-15

AM 2757 of LB 383 has no fiscal impact on the Nebraska Department of Veterans Affairs. The amendment strikes language in the bill which was determined to be redundant in regards to current statute.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

