

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			See Below	\$16,900
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				\$16,900

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

MILITARY HONOR LICENSE PLATES:

LB 138 provides for the issuance of four additional designs of Military Honor license plates by January 1, 2021. The designs shall honor persons who are serving or have served in the armed forces in Iraq, Afghanistan, the Persian Gulf War and the Vietnam War. The plates may be either numerical or personalized message plates. Applicants for numerical plates must pay an additional initial and renewal fee of \$5 which is deposited into the Nebraska Veteran Cemetery System Operation Fund (NVCOSF). Applicants for message plates pay an annual \$40 plate fee of which 75% is deposited in the NVCOSF and 25% accrues to the Department of Motor Vehicles (DMV) Cash Fund.

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 NVCOSF. The plates are to be designed to limit the manufacturing cost to equal to or less than the amount charged for the plates.

DMV Expenditures: LB 138 increases expenditures of the DMV in FY2020-21 to modify the Vehicle Titling and Registration and plate management computer systems to accommodate the new Military Honor plates. The department indicates it can handle the estimated 80 hours of programming and testing with existing staff and resources.

It is estimated there may be 600 additional sets of Military Honor plates sold based upon experience with other specialty license plates. Using this estimate, it is assumed half of this number (300) will apply in the initial fiscal year. It is also assumed that 70% of the plates issued will be numerical and 30% 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 a maximum of \$2,100 (\$7.00/set x 300 sets) in FY2020-21 and double this amount in FY22 when an estimated 600 plates are manufactured. 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 NVCOSF.

Revenues: Increased revenue from the \$5 annual fee for a Military Honor numerical plate and \$40 fee for a personalized plate will be deposited in the NVCOSF and the DMV Cash Fund. The estimated revenue assuming 300 sets of plates are applied for in FY2020-21 is as shown on the table below:

FY21	TYPE OF PLATE	Fee	Est. # of Sets	Revenue 2020-21
	Numerical Plate - GPCEF	\$5.00	210	\$1,050
	Personalized Plate - DMV CF	\$10.00	90	\$900
	Personalized Plate – GPCEF	\$30.00	90	\$2,700
Total Est. Revenue				\$4,650

The bill allows owners to apply to the country treasurer to transfer specialty plates from one owned vehicle to another. The application for the transfer is \$3.00. The fees are placed in the DMV Cash Fund. The number of transfers is unknown.

SUPPORT OUR TROOPS LICENSE PLATES:

LB 138 also provides for the issuance of Support Our Troops license plates beginning on January 1, 2021. The plates may be either numerical or personalized message plates. Applicants for numerical plates must pay an additional initial and renewal fee of \$5 which is deposited into the Veterans Employment Program Fund, which is created by the bill. Applicants for message plates pay an annual \$70 plate fee of which 75% is deposited in the Veterans Employment Program Fund and 25% accrues to the Department of Motor Vehicles (DMV) Cash Fund.

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 Veterans Employment Program 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.

DMV Expenditures: LB 138 increases expenditures of the DMV in FY2020-21 to modify the Vehicle Titling and Registration and plate management computer systems to accommodate the new Wildlife Conservation plates. The department indicates it can handle the estimated 80 hours of programming and testing with existing staff and resources.

DMV estimates there may be about 1,000 sets of Support Our Troops plates in each of the first two years of the bill based upon their experience with other specialty license plates. Using this estimate, it is assumed half of this number (500) will apply in the initial fiscal year. It is also assumed that 70% of the plates issued will be numerical and 30% 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 a maximum of \$3,500 (\$7.00/set x 500 sets) in FY2020-21 and double this amount in FY22 when an estimated 1,000 plates are manufactured. 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 Veterans Employment Program Fund.

Revenues: Increased revenue from the \$5 annual fee for a Support Our Troops numerical plate and \$70 fee for a personalized plate will be deposited in the DMV Cash Fund and the Veterans Employment Program Fund. The estimated revenue assuming 500 sets of plates are applied for in FY2020-21 is as shown on the following table:

<u>TYPE OF PLATE</u>	Fee	Est. # of Sets	Revenue 2020-21
FY21			
Numerical Plate - Veterans Employment Fund	\$5.00	350	\$1,750
Personalized Plate - DMV CF	\$17.50	150	\$2,625
Personalized Plate – Veterans Employment Fund	\$52.50	150	\$7,875
Total Est. Revenue			\$12,250

The bill allows owners to apply to the country treasurer to transfer specialty plates from one owned vehicle to another. The application for the transfer is \$3.00. The fees are placed in the DMV Cash Fund. The number of transfers is unknown.

Veterans Employment Program Fund: LB 138 establishes the Veterans Employment Program Fund which is to be administered by the Department of Economic Development. The fund is to be used for recruiting and education to attract veterans recently released from service to live and work in the state. It is assumed the department will request the authority to expend the revenue raised pursuant to the bill beginning in FY22.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 138	AM:	AGENCY/POLT. SUB: Department of Motor Vehicles	
REVIEWED BY: Lee Will	DATE: 1/23/2019	PHONE: (402) 471-4175	
COMMENTS: Concur with the Department of Motor Vehicles' assessment of fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 138	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Lucas Martin	DATE: 1/30/2019	PHONE: (402) 471-4181
COMMENTS: The Department of Economic Development's assessment of fiscal impact seems reasonable given the assumptions used.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 138	AM:	AGENCY/POLT. SUB: Nebraska Department of Transportation
REVIEWED BY: Lee Will	DATE: 1/25/2019	PHONE: (402) 471-4175
COMMENTS: Concur with the NDOT's assessment of no fiscal impact.		

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

2019

LB⁽¹⁾ 138

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Motor Vehicles

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 22, 2019 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	0	3,600	12,250
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	0	3,600	12,250

Explanation of Estimate:

Program 070

This legislation has an effective date of January 1, 2021. Based on previous plate issuances we are estimating 1000 sets of these plates will be sold. We estimate that 500 sets will be sold prior to the end of FY 20-21. The \$12,250 will be realized thru 350 numeric plates sold at \$5 each = \$1,750 to DED, and 150 message plates at \$70 - \$52.50 each = \$7,875 to DED and \$17.50 each to DMV = \$2,625. There will be no renewals based on the effective date of this legislation.

There will also be 80 hours of programming and testing that will be performed by DMV staff within existing appropriations.

Program 090

Based on 500 sets (1000 plates) sold during this period, this program will incur a cost of \$3.60 per plate of \$3,600.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	3,600
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	3,600

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2019

LB⁽¹⁾ 138

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Rippe Date Prepared: ⁽⁴⁾ 1/22/2019 Phone: ⁽⁵⁾ 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	\$0	\$0	\$5,750	\$5,750
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$5,750</u>	<u>\$5,750</u>

Explanation of Estimate:

LB138 requires the Department of Motor Vehicles to design "Support Our Troops Plates," reflecting support for troops from all branches of the armed forces. The bill also requires four new designs for Military Honor Plates.

Beginning January 1, 2021, a person may apply for a "Support Our Troops Plates." The plate may be either alphanumeric or personalized. The fee for the alphanumeric plate is \$5, and \$70 for personalized plates. The bill creates a new cash fund—Veterans Employment Program Fund—to be administered by the Department of Economic Development for the purpose of recruiting and education to attract veterans to live and work in Nebraska. The fund would be made up of the \$5 fee for the alphanumeric plates and 75% of the \$70 fee for personalized plates. The remaining 25% of fee for personalized plates would be credited to the Department of Motor Vehicles Cash Fund.

The Department of Motor Vehicles estimates that there will be 500 sets of plates sold in FY2020-21. Based on these assumptions, the DED cash fund would receive \$5,750 in FY2020-21.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating (Contract Services, Promotional Materials, etc.).....	_____	_____	_____	\$5,750
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	<u>\$5,750</u>

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

2019

LB⁽¹⁾ 138

FISCAL NOTE

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

Prepared by: ⁽³⁾ Becky Fleming Date Prepared: ⁽⁴⁾ 1/22/2019 Phone: ⁽⁵⁾ 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 138 provides for Support Our Troops Plates. Each application for initial and renewal issuance of alphanumeric plates shall be accompanied with a five-dollar fee which is to be credited to the Veterans Employment Program Fund. In addition, a fee of seventy-five dollars for personalized plates will be collected for issuance or renewal of each plate where 25% of the fee will be distributed to the Department of Motor Vehicles Cash Fund and 75% of the fee to the Veterans Employment Program Fund.

This bill also provides for the creation of four additional designs for Military Honor Plates honoring persons who are serving or have served in the armed forces in Iraq, Afghanistan, the Persian Gulf War and the Vietnam War. The fees collected and distribution of fees are the same as the other Military Honor Plates.

If the cost of manufacturing these plates exceeds the amount charged pursuant to section 60-3,102, the revenue from the additional plate fee be credited first to the Highway Trust Fund to cover the cost of manufacturing with the remainder credited to the Veterans Employment Program Fund.

No fiscal impact is anticipated to the Department.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____