

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
<b>GENERAL FUNDS</b>				
CASH FUNDS	\$567,500	MCSSRMF - \$3,430,000 DRPADCF - \$(329,280)	\$4,067,500	MCSSRMF - \$3,430,000 DRPADCF - \$(329,280)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$567,500</b>	<b>\$3,100,720</b>	<b>\$4,067,500</b>	<b>\$3,100,720</b>

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

LB113 makes the following changes:

1. Provides the Department of Motor Vehicles (DMV) will change an electronic certificate of title for a motorboat, motor vehicle, or trailer without printing the certificate of title when adding, changing, or removing a transfer-on-death beneficiary designation. This change would need to be implemented by January 1, 2022.
2. Authorizes the DMV to recoup the cost of postage and handling when license plates and a registration certificate is mailed by Cornhusker State Industries directly to an individual instead of by a county. The DMV would charge a fee in an amount that is not more than necessary to recover costs.
3. Changes the fee to which the formula provided for in section 60-3,204 is applied to when determining the total fee payment amount for commercial carriers registered under the International Registration Plan. The fee will change from \$32 per ton, to \$35 per ton effective July 1, 2021 until July 1, 2025. Starting July 1, 2025, the fee will be \$33.50 per ton.
4. Creates the Motor Carrier Services System Replacement and Maintenance Fund (MCSSRMF). The fund will be utilized to build, implement, and maintain a new motor carrier services system for processing the issuance of vehicle registrations for fleets of apportionable vehicles and for the assessment of the motor fuel tax under the International Fuel Tax Agreement Act.
5. Eliminates the three (3) percent of 30 percent of registration fees credited to the Motor Carrier Services Division Distributive Fund (MCSDDF) that are remitted to the Department of Revenue Property Assessment Division Cash Fund (DRPADCF).
6. Effective July 1, 2021, requires registration fees credited to the Motor Carrier Services Division Distributive Fund (MCSDDF) pursuant to 60-3,198 be distributed as follows:
  - a. 27 percent to the Motor Vehicle Tax Fund (MVTF)
  - b. 64 percent to the Highway Trust Fund (HTF)
  - c. Nine (9) percent to the MCSSRMF
7. Effective July 1, 2025, requires registration fees credited to the MCSDDF pursuant to 60-3,198 be distributed as follows:
  - a. 28 percent to the MVTF
  - b. 67 percent to the HTF
  - c. Five (5) percent to the MCSSRMF
8. Requires the DMV to build and maintain a new motor carrier services system for implementation by July 1, 2025.
9. Effective January 1, 2022, provides the DMV with the authority to appoint driver safety course instructors, in addition to department personnel, to examine applicants who apply for an Class O operator's license (initial, revoked, or cancelled) ability to operate a motor vehicle.
10. Eliminates the temporary farm permit provided for by 60-4,126(1) and associated fees.
11. Effective January 1, 2022, changes requirements related to a restricted commercial driver's license issued pursuant to 60-4,146.01.
12. Eliminates the prohibition on third-party skills test examiners who are also a skills instructor either as part of a school, training program, or otherwise from administering a skills test to a commercial driver's license applicant who received skills training by that skills test examiner.
13. Reduces the duration of the driver's education and training course that must be attended by a person when they have accumulated a total of 12 or more points assessed against such persons driving record within any period of two (2) years or that chooses to voluntarily take to course to reduce their point total by two (2) points, from eight (8) to four (4) hours.
14. Eliminates the \$100 fee charged to applicants for reinstatement, issuance, or renewal of a registration, issued pursuant to the unified carrier registration plan and agreement, within three (3) years of the date of suspension, revocation, or cancellation. This fee would normally be remitted to the Highway Cash Fund (NDOT).

(continued)

Unless discussed below, the changes outlined above do not have a discernable fiscal impact.

**Revenue**

The DMV estimates there will be a revenue increase related to the changes outlined under number two (2) above. This amount totals \$67,500 each fiscal year.

The DMV estimates the fee change effective July 1, 2021, that is discussed under number three (3) above, will generate an and additional \$3,430,000 in revenue each fiscal year. Although not listed on the DMV fiscal note, it is estimated the additional revenue that would be generated effective with the fee change on July 1, 2025 would be \$1,715,000 each fiscal year. This additional funding would be placed in the newly created MCSSRMF.

Utilizing information provided by the DMV, the DRPADCF would see decrease in revenue in the amount of \$329,280 each FY related to the change discussed under number five (5) above.

The changes in revenue distribution discussed under numbers five (5), six (6), and seven (7) above will not have a negative impact on the revenues to the MVTF or HTF. This conclusion was arrived at by calculating the amount the MVTF and HTF would receive while accounting for the increased fee and new distribution methodology.

The Department of Revenue (DOR) provided a fiscal note indicating a loss of revenue in the amount of \$310,000 in FY22 and \$320,000 in FY23 related to number five (5) above. Also provided by the DOR are projections that estimate revenue losses to the MVTF and HTF. These projections are not accompanied by a rational or basis. Based upon calculations discussed above and the DOT's analysis, the estimates are not accurate.

**Expenditures**

Expenditures related to the change under number two (2) would mirror revenue, estimated to be \$67,500 each fiscal year.

The DMV anticipates there will be expenditures for the development of a Request for Proposal and for develop of the new system under number eight (8) above. This amount is \$500,000 each in FY22 and \$4,000,000 in FY23.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 113	AM:	AGENCY/POLT. SUB: Nebraska Department of Motor Vehicles	
REVIEWED BY:	Lucas Martin	DATE: 01/14/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with Department of Motor Vehicles' assessment of fiscal impact.			

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

**2021**

**LB<sup>(1)</sup> 113**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Motor Vehicles

Prepared by: <sup>(3)</sup> Bart Moore Date Prepared: <sup>(4)</sup> January 11, 2021 Phone: <sup>(5)</sup> 402-471-3902

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

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	567,500	3,497,500	4,067,500	3,497,500
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>567,500</u>	<u>3,497,500</u>	<u>4,067,500</u>	<u>3,497,500</u>

Explanation of Estimate: This proposal changes the base registration fee for commercial carriers registered under the International Registration Plan from \$32.00 to \$35.00 per ton effective July 1, 2021. This will generate an additional \$3,430,000 of revenue. This revenue will be credited to the MCS Modernization Cash Fund. After the funds are sufficient to pay for the modernization project the fee will be reduced to \$33.50 effective July 1, 2025. Expenditures will be for development of an RFP, and for development of the new system with the approved vendor.

This legislation would also require an adjustment to the funding allocations in 60-3,202(1) to allow for the additional revenue to go to the MCS Modernization fund. There will be no negative impact on revenues to the Highway Trust Fund or the Motor Vehicle Tax Fund.

Revenue and expenditure estimates are calculated at \$4.50 per set (2) of plates issued to recover the cost of postage and handling for the specific items mailed to the registrant (total \$67,500).

Revalidating annually those Restricted Commercial Driver License holders that wish to have the same seasonal permit period over the five-year term of the RCDL will have a minimal fiscal impact to the Department.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			567,500	67,500
Travel.....				
Capital outlay.....				4,000,000
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<u>567,500</u>	<u>4,067,500</u>

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

**2021**

**LB<sup>(1)</sup> 113**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Transportation

Prepared by: <sup>(3)</sup> Jenessa Boynton Date Prepared: <sup>(4)</sup> 1/19/2021 Phone: <sup>(5)</sup> 402-479-4691

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

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

LB 113 applies to NDOT with respect to the proposed changes in the rate per ton fee from \$32 per ton to \$35 per ton on apportionable vehicles beginning July 1, 2021, based on the gross vehicle weight. The \$35 rate would be in effect until July 1, 2025 at which time the rate would be reduced to \$33.50 per ton. The allocation of revenue from the apportionable vehicles fees is proposed to change by fund as follows:

<b>Allocation of Revenue</b>	<b>Current</b>	<b>Proposed July 1, 2021</b>	<b>Proposed July 1, 2025</b>
Highway Trust Fund	70%	64%	67%
Dept. of Revenue Property Assessment Division Fund	3%		
Motor Vehicle Tax Fund	27%	27%	28%
NEW Motor Carrier Services System Replacement and Maintenance Fund		9%	5%

With the combination of the changes in the rate per ton and the allocation percentages, minimal fiscal impact is anticipated to the Highway Trust Fund.

The proposed bill will eliminate the reinstatement fee of one hundred dollars credited to the Highway Cash Fund. In discussions with the DMV the occurrence of reinstatement when a fee is applied is negligible.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>



Section 6 allows the owner of a motor vehicle or trailer bearing Gold Star Family license plates to apply to the county treasurer to have the plates transferred at no cost to a motor vehicle other than the vehicle for which the plates were originally purchased if the vehicle is owned by the owner of the plates.

Section 10 changes the calculation to determine the total fee payment for the registration and licensing of a fleet of apportionable vehicles with the Division of Motor Carrier Services.

Section 26 permits the Director to appoint driver safety course instructors to examine applicants for an initial class O operator’s license or whose class O license has been revoked or canceled.

Section 27 and 28 removes the provision for temporary farm permits.

Section 29 changes the requirements for application of a restricted commercial driver’s license. Section 30 removes the restriction pertaining to third-party skill test examiners testing applicants whom they have provided skills training.

Section 31 and 32 changes the hourly requirement for the driver’s education and training course for persons with 12 or more points on their license.

Section 33 removes the one hundred dollar fee for reinstatement, issuance or renewal of registration under the unified carrier registration plan and agreement.

Section 3, 10, 11, 12, and 34 are operative on the effective dates. All other sections are operative three calendar months after adjournment.

It is estimated that this bill will have the following impact to various cash funds:

Fiscal Year	Department of Revenue Property Assessment Division Cash Fund	Motor Vehicle Tax Fund	Highway Trust Fund	Motor Carrier Services System Replacement and Maintenance Fund
FY2021-2022	\$ (310,000)	\$ (730,000)	\$ (2,090,000)	\$ 3,140,000
FY2022-2023	\$ (320,000)	\$ (750,000)	\$ (2,130,000)	\$ 3,200,000
FY2023-2024	\$ (330,000)	\$ (760,000)	\$ (2,170,000)	\$ 3,260,000
FY2024-2025	\$ (330,000)	\$ (780,000)	\$ (2,220,000)	\$ 3,330,000
FY2025-2026	\$ (340,000)	\$ (410,000)	\$ (1,130,000)	\$ 1,890,000
FY2026-2027	\$ (350,000)	\$ (420,000)	\$ (1,150,000)	\$ 1,920,000

It is estimated that there will be no cost to the Department to implement this bill.

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