

Updated for 2024 Legislative Session

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$300,000	(\$256,000)		(\$256,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$300,000	(\$256,000)		(\$256,000)

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

Updated Text for Fiscal Note:

LB 535 has not been amended. However, statutory changes enacted in the 2023 Legislative Session have significantly impacted the costs associated with the bill. The narrative below this section details the bill's provisions and original cost estimates.

The Department of Motor Vehicles (DMV) estimates a one-time cost of \$300,000 to address programming needs required to provide the affidavit document.

The DMV estimate for revenue loss is also updated due to enacted legislation in the 2023 session. DMV estimates 24,000 new or replacement ID cards will be issued at a total cost of \$696,000. 16,000 renewal cards are estimated for a total cost of \$256,000. Utilizing the same logic as the original fiscal note, this updated version only considers lost revenue in the amount of \$256,000. Revenue will not be collected for new and reissued cards, but one cannot consider this a revenue loss since the revenue has not been received in the past.

The Secretary of State's fiscal note response varies dramatically from the original submission. Due to enacted legislation in 2023 with conflicts in the bill's provisions, the Secretary of State notes that it does not appear as though LB 535 can move forward in its current state. Significant amendments would be required. For this reason, the Secretary of State cannot determine a fiscal impact. If the bill is amended and moves forward, the Secretary of State will be able to provide updated information.

*****ORIGINAL TEXT OF FISCAL NOTE*****

LB 535 changes provisions related to the Election Act.

Section 3 provides a definition for "Valid photographic identification".

Section 4 requires the Secretary of State to provide a website dedicated to voter identification requirements and procedures, a public awareness campaign regarding the voter identification requirements and procedures, and instructions and information to the Department of Health and Human Services, the Department of Motor Vehicles (DMV), and the State Department of Education for distribution to Nebraska residents regarding valid photographic identification.

Section 5 requires the registration application process established by Secretary of State in conjunction with the Department of Motor Vehicles to be able to verify voter identification electronically.

Section 9 requires inclusion of the identification number of the voter's valid photographic identification issued by the State of Nebraska or, if none, a photocopy of any other valid photographic identification issued to the voter when a request for a ballot is made to the election commissioner or county clerk.

Section 12 requires a voter who fails to produce a valid photographic identification at the polling place to fill out a voter identification verification envelope with specified information.

Section 13 requires the Voter's Oath to include the following language:

"My Nebraska driver's license or state identification card number is....., or for a voter without such identification, a photocopy of my valid photographic identification is enclosed."

Section 14 addresses election commissioners and county clerks' removal of ballots from the ballot box and separating voter identification envelopes from the rest of the ballots. The election commissioner or county clerk shall also verify that such persons have not voted anywhere else in the county or been issued a ballot for early voting.

Section 17 (7) prohibits any fee being charged for issuance of an original, renewal, or duplicate state identification card to a resident of Nebraska who does not have a valid Nebraska driver's license, who is requesting issuance of such card for voting purposes, and who will be at least 18 years old on or before the next election conducted under the Election Act.

Section 18 (9) prohibits the Department of Health and Human Services from charging any fee for a certified copy of a birth record if the applicant does not have a current Nebraska driver's license or state identification card and indicates in the application that the applicant needs a certified copy of the birth record to apply for a state identification card for voting purposes.

The Department of Health and Human Services estimates a small cash fund revenue decrease of approximately \$2,250 over a five-year period, related to the provision of providing birth records at no fee. This estimate appears to be reasonable.

The DMV, based on 2020 Census data, estimates 65,000 Identification Cards with no fees will be obtained in fiscal year 2023-24. 19,000 such cards will be obtained in fiscal year 2024-25. The allocation of funds otherwise collected for such cards results in a General Fund revenue decrease of (\$471,250) in FY24 and (\$137,750) in FY25. The estimated DMV Cash Fund revenue loss is (\$1,413,750) in FY24 and (\$413,250) in FY25. These estimates assume the maximum number of eligible persons will obtain Identification Cards. Since revenue losses are to be estimated relative to prior collections, revenue loss based on 65,000 Identification Cards is not used in this fiscal note. This fiscal note utilizes the 19,000 Identification Card figure that is anticipated in FY25 and applies it to FY24 revenue loss projections. The 19,000 figure captures the estimated population that annually obtains Identification Cards. That is the population from which revenue is received. The additional 46,000 persons that DMV estimates in FY24 represent the population of persons who have not previously obtained Identification Cards. Under this logic, that population would not otherwise obtain Identification Cards and, therefore, revenue would not be collected; there is no lost revenue since those dollars would not have normally been collected.

The DMV estimates increased Cash Fund expenditures totaling \$553,000 in FY24. This estimate is the total cost of \$253,000 (46,000 cards at a cost of \$5.50 per card) plus \$300,000 to address significant programming costs and increased costs that will be incurred to provide the affidavit document. DMV does not have all the costs estimates currently available at this time. It should be noted that this estimate includes a population that is discounted under the revenue loss estimate. Inclusion of these costs under expenditures is appropriate because DMV will incur actual costs for these persons if they obtain Identification Cards under the provisions of LB 535. This portion of the estimate may increase as more data and information is available.

There is no basis to disagree with DMV estimates.

The Secretary of State estimates a total cost of \$1,214,180 in General Funds for FY24 and \$615,764 of General Funds in FY25. Of this total, \$1.2 million in FY24 and \$700,000 would be used for the required public awareness campaign. These estimates are based on data obtained from multiple local agencies. Additionally, the Secretary of State would need to hire a project manager to coordinate the statewide education effort. The estimated cost for salary, benefits, and operational costs of the project manager is \$106,000 per year.

The Secretary of State's estimate to provide the specified "voter identification verification envelope" is \$74,450. Changes to early voting ballot return envelopes is estimated to be \$200,000. These are one-time costs for the Secretary of State, as they will provide the initial stock of envelopes to counties and, in the future, counties would be responsible for replenishing stock.

Finally, the Secretary of State estimates a cost of \$112,800 to perform computing system modifications in FY24 and travel costs of \$20,000 in FY24 and \$10,000 in FY25.

There is no basis to disagree with the Secretary of State's estimates.

Lancaster County estimates a cost of \$24,643 in FY24 and \$61,607 in FY25. These are costs associated with staff time and printing of envelopes.

Douglas County estimates a cost of \$37,912 beginning in FY24. These are costs associated with staff time and printing of envelopes.

It is not feasible to survey all 93 counties to determine their potentially incurred costs associated with the bill's provisions. Lancaster and Douglas Counties responses are included to show that LB 535 may result in some costs to counties.

There is no basis to disagree with any fiscal estimates provided.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 535	AM:	AGENCY/POLT. SUB: Department of Motor Vehicles	
REVIEWED BY: Kimberly Burns	DATE: 12/13/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to disagree with the Department of Motor Vehicles' assessment of fiscal impact from LB 535.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 535	AM:	AGENCY/POLT. SUB: Secretary of State	
REVIEWED BY: Kimberly Burns	DATE: 12/18/2023	PHONE: (402) 471-4171	
COMMENTS: Concur with the Secretary of State's assessment of indeterminable fiscal impact from LB 535.			

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2024

LB⁽¹⁾ 535

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ Dec. 7, 2023 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	300.000	(952,000)		(952,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>300,000</u>	<u>(952,000)</u>		<u>(952,000)</u>

Explanation of Estimate:

The DMV currently issues on average 40,000 State ID cards annually. Based on recent calculations, approximately 60% of these are new or renewal documents and 40% are replacement. The fees associated with these documents, including the \$5.00 Security Surcharge are \$29.00 for a new or renewal and \$16.00 for a replacement. This legislation would provide these ID cards at no charge to the applicant.

The revenue loss is calculated at a cost of \$29 for 24,000 New or Replacement ID Cards for a total of \$696,000 and the 16,000 replacement cards at \$16 for a total of \$256,000 for a total of \$952,000 annually. The fee allocation as shown above are based on the document allocation changes as passed in LB 138, during the 2023 legislative session.

The DMV estimates our card provider will incur costs of \$300,000, to provide the affidavit document. This is our best estimate as information is being gathered to determine the cost and feasibility of producing this document. There will be significant programming costs incurred working with the OCIO and our card provider. Currently, we do not have all the cost estimates. We will also incur additional expenses to pay for any new State ID cards that were not previous obtained that are now being requested due to the removal of the applicable fee. The DMV cannot calculate this number.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25 EXPENDITURES</u>	<u>2025-26 EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
Benefits.....				
Operating.....			300,000	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>300,000</u>	

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2024

LB⁽¹⁾ 535

FISCAL NOTE

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

Prepared by: ⁽³⁾ Joan Arnold Date Prepared: ⁽⁴⁾ 12/13/2023 Phone: ⁽⁵⁾ 402-471-2384

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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:

We are unable to provide an estimate for the fiscal impact of LB 535.

LB 535 was introduced to implement voter ID, which was ultimately adopted via LB 514 (2023). Many of the statutes being amended by LB 535, were amended by LB 514. Therefore, it does not appear that LB 535 can move forward as drafted. Should LB 535 be amended, any fiscal impact would be determined after the amendments are made, as is the usual practice.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 12-20-2023

Phone: (5) 471-6719

	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0	\$0	\$0	\$0
CASH FUNDS	\$0	\$0	\$0	\$0
FEDERAL FUNDS	\$0	\$0	\$0	\$0
OTHER FUNDS	\$0	\$0	\$0	\$0
TOTAL FUNDS	\$0	\$0	\$0	\$0

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

Explanation of Estimate:

LB535 will require voters to have valid photographic identification and change provisions relating to certain identification documents pertaining to voting under the Election Act.

The Secretary of State will provide the Department of Health and Human Services with instructions and information, regarding these new voting requirements and the way to obtain a free valid photographic identification, to distribute to Nebraska (NE) residents.

Under this bill there will be no fees for issuing an original, a renewal, or a duplicate state identification card to a resident of NE who does not have a valid NE driver's license so long as their request is for voting purposes.

Likewise, there will not be a fee to issue a certified copy of a birth record for a NE resident that does not have a driver's license or state identification card and needs one for a driver's license or state identification card application for voting purposes. Vital Records estimates this Cash Fund loss of revenue to be \$2,250 over a five-year period.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2024-2025 EXPENDITURES	2025-2026 EXPENDITURES
	24-25	25-26		
Benefits.....			\$0	\$0
Operating.....			\$0	\$0
Travel.....			\$0	\$0
Capital Outlay.....			\$0	\$0
Aid.....			\$0	\$0
Capital Improvements.....			\$0	\$0
TOTAL.....			\$0	\$0