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PREPARED BY: Sandy Sostad  
DATE PREPARED: February 01, 2012  
PHONE: 471-0054

LB 893

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

## ESTIMATE OF FISCAL IMPACT – STATE AGENCIES \*

|                    | FY 2012-13   |          | FY 2013-14   |           |
|--------------------|--------------|----------|--------------|-----------|
|                    | EXPENDITURES | REVENUE  | EXPENDITURES | REVENUE   |
| GENERAL FUNDS      |              |          |              |           |
| CASH FUNDS         | \$69,691     | \$53,165 | \$91,426     | \$106,330 |
| FEDERAL FUNDS      |              |          |              |           |
| HIGHWAY TRUST FUND |              |          |              |           |
| TOTAL FUNDS        | \$69,691     | \$53,165 | \$91,426     | \$106,330 |

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

LB 893 provides for the issuance of Nebraska Armed Forces Pride license plates beginning January 2, 2013. The plates may be either numerical or message plates. Applicants pay an annual fee of \$5 for a numerical plate or \$40 for a personalized plate. The entire \$5 fee for a numerical plate and 75% of the \$40 fee for a personalized plate is deposited in a newly established Nebraska Armed Forces Pride Plates Fund (NAFPPF). The remaining 25% of the personalized plate fee 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. The current plate fee is \$3.30. 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 NAFPP 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.

The NAFPP Fund is established to support the Nebraska veterans' homes. Twenty-five percent of the fund is to be used to support operations and maintenance of the Nebraska veterans' homes, in addition to the funding normally provided by the Legislature, and 75% is to be used to support quality of life improvements as defined in the bill. The bill provides for the Director of Veterans' Affairs, the chief executive officer of the Department of Health and Human Services and the directors of each of the veterans' homes to meet at least once each year to determine how the funds in the NAFPP Fund are to be spent in support of the veterans' homes.

Expenditures: LB 893 will increase expenditures of the DMV by \$25,797 of cash funds in FY2012-13 to modify the Vehicle Titling and Registration and plate management computer systems accommodate the new armed forces 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 \$41,394 cash funds in FY2012-13 and \$42,201 cash funds in FY2013-14. Associated one-time cash fund expenses are \$2,500 in FY2012-13.

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 armed forces plates. This fiscal note assumes about 10% (15,750) of the people eligible will apply for armed forces license plates. It is assumed half of this number (7,875) will apply in the initial fiscal year due to the issuance of the plates for only six months in FY2012-13. It is also assumed that 95% of the plates issued will be numerical and 5% 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 \$51,975 (\$6.60/set x 7,875 sets) in FY2012-13 and \$103,950 (\$6.60/set x 15,750 sets) in FY2013-14. 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 NAFPP Fund.

It is assumed the initial expenditures from the NAFPP by HHS will occur in FY14, using actual receipts from FY13. The estimated revenue is \$49,225 as described below.

Revenues: Increased revenue from the \$5 annual fee for an armed forces numerical plate and \$40 fee for a personalized plate will be deposited in the DMV Cash Fund and the NAFPP Fund. The following table shows the estimated revenue increases assuming 7,875 sets of plates are applied for in FY2012-13 and 15,750 sets are applied for in FY2013-14.

| <u>LB 893</u>                        | <u>Fee</u> | <u>Est. # of Sets</u> | <u>Revenue 2012-13</u> | <u>Revenue 2013-14</u> |
|--------------------------------------|------------|-----------------------|------------------------|------------------------|
| Armed Forces CF- Numerical Plate     | \$5.00     | 7,481                 | \$37,405               |                        |
| DMV CF- Personalized Plate           | \$10.00    | 394                   | \$3,940                |                        |
| Armed Forces CF – Personalized Plate | \$30.00    | 394                   | \$11,820               |                        |
| Armed Forces CF- Numerical Plate     | \$5.00     | 14,962                |                        | \$74,810               |
| DMV CF- Personalized Plate           | \$10.00    | 788                   |                        | \$7,880                |
| Armed Forces CF – Personalized Plate | \$30.00    | 788                   |                        | \$23,640               |
| <b>Total Est. Revenue</b>            |            |                       | <b>\$53,165</b>        | <b>\$106,330</b>       |

The bill allows owners to apply to the county treasurer to transfer specialty plates from one owned vehicle to another. The application fee for the transfer is \$3. The fees are placed in the DMV Cash Fund. The number of transfers is unknown.

DEPARTMENT OF ADMINISTRATIVE SERVICES

| REVIEWED BY  | David J. Spatz | DATE | 1/31/12 | PHONE | 471-4179 |
|--|----------------|------|---------|-------|----------|
| <b>COMMENTS</b>  |                |      |         |       |          |
| DEPARTMENT OF CORRECTIONAL SERVICES: No basis to dispute agency analysis respective to the Department of Correctional Services.                          |                |      |         |       |          |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES: No basis to dispute agency analysis and estimate of increased Cash Fund expenditures and revenue fiscal impact. |                |      |         |       |          |
| NEBRASKA MILITARY DEPARTMENT: No basis to dispute agency analysis respective to the Nebraska Military Department.  |                |      |         |       |          |
| NEBRASKA DEPARTMENT OF MOTOR VEHICLES: No basis to dispute agency analysis and estimates of increased Cash Fund expenditures and revenue fiscal impact.  |                |      |         |       |          |
| NEBRASKA DEPARTMENT OF ROADS: No basis to dispute agency analysis and estimates of no fiscal impact respective to the Department of Roads.               |                |      |         |       |          |

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LB<sup>(1)</sup> 893 FISCAL NOTE

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State Agency OR Political Subdivision Name: (2)

Department of Correctional Services

Prepared by: (3) Christina Peters

Date Prepared: (4) 1/12/2012

Phone: (5) 402-479-5702

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   | =====        | =====   | =====        | =====   |

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

Explanation of Estimate:

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE            | NUMBER OF POSITIONS |       | 2012-2013<br>EXPENDITURES | 2013-2014<br>EXPENDITURES |
|---------------------------|---------------------|-------|---------------------------|---------------------------|
|                           | 12-13               | 13-14 |                           |                           |
| Benefits.....             | _____               | _____ | _____                     | _____                     |
| Operating.....            | _____               | _____ | _____                     | _____                     |
| Travel.....               | _____               | _____ | _____                     | _____                     |
| Capital outlay.....       | _____               | _____ | _____                     | _____                     |
| Aid.....                  | _____               | _____ | _____                     | _____                     |
| Capital improvements..... | _____               | _____ | _____                     | _____                     |
| TOTAL.....                | _____               | _____ | _____                     | _____                     |

No measurable Fiscal Impact.

This would be similar to an organizational plate just like the Creighton, Organ Donor, Shriner plates we have designed in the past. These costs are absorbed in our current pricing structures for any new plate design.

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

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

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 2-2-12

Phone: (5) 471-8072

|                      | <b>FY 2012-2013</b> |         | <b>FY 2013-2014</b> |         |
|----------------------|---------------------|---------|---------------------|---------|
|                      | EXPENDITURES        | REVENUE | EXPENDITURES        | REVENUE |
| <b>GENERAL FUNDS</b> |                     |         |                     |         |
| <b>CASH FUNDS</b>    | 34,000              | 34,000  | 82,125              | 82,125  |
| <b>FEDERAL FUNDS</b> |                     |         |                     |         |
| <b>OTHER FUNDS</b>   |                     |         |                     |         |
| <b>TOTAL FUNDS</b>   | 34,000              | 34,000  | 82,125              | 82,125  |

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

**Explanation of Estimate:**

LB 893 will provide an increased revenue of \$34,000 in FY 2013 and \$82,125 in FY 2014 which will be available for expenditure.

**MAJOR OBJECTS OF EXPENDITURE**

| PERSONAL SERVICES:        | POSITION TITLE | NUMBER OF POSITIONS |       | 2012-2013     | 2013-2014     |
|---------------------------|----------------|---------------------|-------|---------------|---------------|
|                           |                | 12-13               | 13-14 | EXPENDITURES  | EXPENDITURES  |
| Benefits.....             |                |                     |       |               |               |
| Operating.....            |                |                     |       | 34,000        | 82,125        |
| Travel.....               |                |                     |       |               |               |
| Capital Outlay.....       |                |                     |       |               |               |
| Aid.....                  |                |                     |       |               |               |
| Capital Improvements..... |                |                     |       |               |               |
| <b>TOTAL.....</b>         |                |                     |       | <b>34,000</b> | <b>82,125</b> |

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**LB<sup>(1)</sup> 893 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Military Department - 031

Prepared by: <sup>(3)</sup> Ms. Shawn D. Fitzgerald Date Prepared: <sup>(4)</sup> January 13, 2012 Phone: <sup>(5)</sup> 402-309-7140

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

|               | <u>FY 2012-2013</u> |                | <u>FY 2013-2014</u> |                |
|---------------|---------------------|----------------|---------------------|----------------|
|               | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>N/A</u>          | <u>N/A</u>     | <u>N/A</u>          | <u>N/A</u>     |
| CASH FUNDS    | <u>N/A</u>          | <u>N/A</u>     | <u>N/A</u>          | <u>N/A</u>     |
| FEDERAL FUNDS | <u>N/A</u>          | <u>N/A</u>     | <u>N/A</u>          | <u>N/A</u>     |
| OTHER FUNDS   | <u>N/A</u>          | <u>N/A</u>     | <u>N/A</u>          | <u>N/A</u>     |
| TOTAL FUNDS   | <u>N/A</u>          | <u>N/A</u>     | <u>N/A</u>          | <u>N/A</u>     |

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

Explanation of Estimate:

There is no anticipated fiscal impact to the Nebraska Military Department by the adoption of this bill as written.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

| <u>POSITION TITLE</u>     | <u>NUMBER OF POSITIONS</u> |              | <u>2012-2013<br/>EXPENDITURES</u> | <u>2013-2014<br/>EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|-----------------------------------|-----------------------------------|
|                           | <u>12-13</u>               | <u>13-14</u> |                                   |                                   |
|                           |                            |              | <u>N/A</u>                        | <u>N/A</u>                        |
| Benefits.....             |                            |              |                                   |                                   |
| Operating.....            |                            |              |                                   |                                   |
| Travel.....               |                            |              |                                   |                                   |
| Capital outlay.....       |                            |              |                                   |                                   |
| Aid.....                  |                            |              |                                   |                                   |
| Capital improvements..... |                            |              |                                   |                                   |
| TOTAL.....                |                            |              | <u>N/A</u>                        | <u>N/A</u>                        |

**LB 893 · FISCAL NOTE**

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**NEBRASKA DEPARTMENT OF MOTOR VEHICLES**

LEGISLATIVE COUNCIL

Prepared by: Gary Ryken

Date Prepared: 31-Jan-12

Phone: 471-3902

Fax: 471-9594

Email: gary.ryken@nebraska.gov

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

|                   | FY 2012-2013 |           | FY 2013-2014 |            |
|-------------------|--------------|-----------|--------------|------------|
|                   | EXPENDITURES | REVENUE   | EXPENDITURES | REVENUE    |
| GENERAL FUNDS     |              |           |              |            |
| DMV CASH FUND     | \$ 69,691    | \$ 10,000 | \$ 42,201    | \$ 23,750  |
| ARMED FORCES FUND |              | \$ 34,000 |              | \$ 82,125  |
| PLATE FUND        | \$ 14,400    |           | \$ 19,800    |            |
| TOTAL FUNDS       | \$ 84,091    | \$ 44,000 | \$ 62,001    | \$ 105,875 |

Explanation of Estimate:

LB 893 provides for issuance of Nebraska Armed Forces Pride license plates and creates a new fund for fee distribution. The bill carries a January 2, 2013 implementation date.

LB 893 will require extensive computer programming to accommodate the 48 different plate configurations in the bill. LB 893 allows for 6 different military symbols each with 4 service statuses in either numeric or message plate style. It is estimated that 317.5 mainframe programming hours will be necessary to complete the project in addition to the 125 hours of in-house analysis and testing.

317.5 hrs. @ \$ 81.25 per hr. \$ 25,797

The vehicle licensing division has undergone considerable growth over the past few years due to the expansion of the specialty plates offered in Nebraska. These programs have been absorbed in the past without an increase in staffing but now has reached the point where the ability to meet customer demands and maintain quality control may be reduced. DMV is requesting a Business Applications Support Tech full-time position be included in the A-bill.

|                                 | Annual Salary | Benefits  | Total Annual | One-time Costs |
|---------------------------------|---------------|-----------|--------------|----------------|
| Job Code S07541 Bus. App. Tech. | \$ 29,474     | \$ 10,920 | \$ 40,394    |                |
| Desk, computer, etc.            |               |           |              | \$ 2,500       |
| Supplies                        |               |           | \$ 1,000     |                |

**MAJOR OBJECTS OF EXPENDITURE**

| POSITION TITLE                     | NUMBER OF POSITIONS |       | FY 2012-2013 | FY 2013-2014 |
|------------------------------------|---------------------|-------|--------------|--------------|
|                                    | 12-13               | 13-14 | EXPENDITURES | EXPENDITURES |
| Business Applications Support Tech | 1.0                 | 1.0   | \$ 29,474    | \$ 30,063    |
| Benefits                           |                     |       | \$ 10,920    | \$ 11,138    |
| Operating                          |                     |       | \$ 29,297    | \$ 1,000     |
| Travel                             |                     |       |              |              |
| Capital Outlay                     |                     |       |              |              |
| License Plates Program 644         |                     |       | \$ 14,400    | \$ 19,800    |
| Capital Improvements               |                     |       |              |              |
| Total                              |                     |       | \$ 84,091    | \$ 62,001    |

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

Prepared by: Gary Ryken

Date Prepared: 31-Jan-12

Phone: 471-3902

Fax: 471-9594

Email: gary.ryken@nebraska.gov

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

**Impact to License Plate Program 644**

There are approximately 142,500 veterans in Nebraska as well as about 15,000 active duty, National Guard, and Reserve for a total potential eligible pool of 157,500. Based upon experience with other plate types it is estimated that approximately 4,750 applicants may apply for the Armed Forces Pride Plates. The numeric plates will carry a \$5 fee going to the Nebraska Armed Forces Pride Plates Fund and message plates costing \$40 with \$10 to the DMV Cash Fund and \$30 the Nebraska Armed Forces Pride Plates Fund.

|                       | Plates | Cost    | <u>FY 2012-2013</u> | <u>FY 2013-2014</u> |
|-----------------------|--------|---------|---------------------|---------------------|
| Initial Production    | 4,000  | \$ 3.60 | \$ 14,400           |                     |
| Subsequent Production | 5,500  | \$ 3.60 |                     | \$ 19,800.00        |

A transfer of \$14,400 in FY2013 and \$19,800 in FY2014 from the Highway Trust Fund to the License plate cash fund would be needed to pay for the plates.

**Revenue from Fees**

***Nebraska Armed Forces Pride Plates Fund***

|   | Initial | Subsequent |          | <u>FY 2012-2013</u> | <u>FY 2013-2014</u> |
|---|---------|------------|----------|---------------------|---------------------|
| Numeric Plates  | 800     | 1,375      | \$ 5.00  | \$ 4,000            | \$ 10,875           |
| Message Plates  | 1,000   | 1,375      | \$ 30.00 | \$ 30,000           | \$ 71,250           |
| <b><i>Nebraska Armed Forces Pride Plates Fund Total</i></b> |         |            |          | <b>\$ 34,000</b>    | <b>\$ 82,125</b>    |

***DMV Cash Fund***

|                                   | Initial | Subsequent |          | <u>FY 2012-2013</u> | <u>FY 2013-2014</u> |
|-----------------------------------|---------|------------|----------|---------------------|---------------------|
| Numeric Plates                    | 800     | 1,375      | \$ -     | \$ -                | \$ -                |
| Message Plates                    | 1,000   | 1,375      | \$ 10.00 | \$ 10,000           | \$ 23,750           |
| <b><i>DMV Cash Fund Total</i></b> |         |            |          | <b>\$ 10,000</b>    | <b>\$ 23,750</b>    |

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**LB<sup>(1)</sup> 893 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> NEBRASKA DEPARTMENT OF ROADS

Prepared by: <sup>(3)</sup> Marilyn Hayes Date Prepared: <sup>(4)</sup> 1-12-2012 Phone: <sup>(5)</sup> 402-479-4692

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

|                    | <u>FY 2012-2013</u> |                | <u>FY 2013-2014</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> | <u>_____</u>        | <u>_____</u>   | <u>_____</u>        | <u>_____</u>   |

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

Explanation of Estimate:

LB 893 provides for the Nebraska Armed Forces Pride Plates and distribution of fees.

This specialty plate has a \$40 fee with 25% going to the Department of Motor Vehicles Cash Fund and 75% going to the Nebraska Armed Forces Pride Plates Fund.

Costs to manufacture the plates are paid from the Highway Trust Fund. When the license plates are issued, the plate fee revenues are deposited into the Highway Trust Fund.

LB 893 provides that:

if the cost to manufacture these plates exceeds the amount charged for the license plates, the Highway Trust Fund will be reimbursed for the difference from the Nebraska Armed Forces Pride Plates Fund share.

No fiscal impact to Department of Roads is anticipated.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

| <u>POSITION TITLE</u>     | <u>NUMBER OF POSITIONS</u> |              | <u>2012-2013</u>    | <u>2013-2014</u>    |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
|                           | <u>12-13</u>               | <u>13-14</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____                     | _____                      | _____        | _____               | _____               |
| _____                     | _____                      | _____        | _____               | _____               |
| Benefits.....             | _____                      | _____        | _____               | _____               |
| Operating.....            | _____                      | _____        | _____               | _____               |
| Travel.....               | _____                      | _____        | _____               | _____               |
| Capital outlay.....       | _____                      | _____        | _____               | _____               |
| Aid.....                  | _____                      | _____        | _____               | _____               |
| Capital improvements..... | _____                      | _____        | _____               | _____               |
| <b>TOTAL.....</b>         | _____                      | _____        | _____               | _____               |