

PREPARED BY: Sandy Sostad  
 DATE PREPARED: April 09, 2008  
 PHONE: 471-0054

**LB 911**

Revision: 01

Revised on 4/10/08 based on amendments adopted through 4/9/08.

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2008-09</b>		<b>FY 2009-10</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	\$2,016,354	\$1,191,000	\$3,067,707	\$2,858,000
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$2,016,354</b>	<b>\$1,191,000</b>	<b>\$3,067,707</b>	<b>\$2,858,000</b>

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

LB 911 requires the Department of Motor Vehicles (DMV) to develop, implement, and maintain processes to issue operator's licenses and state identification cards designed to protect the identity of applicants and holders of such instruments. The processes are also to be designed to reduce identity theft, fraud, forgery and counterfeiting. The implementation date for such processes is to be on or before April 1, 2009. DMV is authorized to collect a surcharge of up to \$8 which is deposited in the DMV Cash Fund.

Counties are to provide office space for the administration of operator license examinations. DMV staff is to conduct examinations and issue certificates to successful applicants. Certificates are to be presented to a county treasurer within 90 days. The treasurer is to collect the fees and surcharge and issue a receipt which is good for 30 days. DMV is to provide for the central production and issuance of licenses and cards at a secure facility. Licenses and cards are to be mailed to the applicant within 30 days. Persons engaged in the issuance of licenses and cards are to be provided periodic fraudulent document recognition training.

Expenditures: DMV estimates the cost of a more secure centrally issued vendor produced license or state identification card will increase from \$4.30 to \$7.17. The estimated annual increase in the cost of producing licenses and cards is \$1.46 million. There will also be increased postage costs of approximately \$247,000 to mail licenses and cards to applicants. A public information campaign will be undertaken to inform applicants of the changes in procedures for licensure. Seventeen staff will be added to eliminate one-person examining travel teams, facilitate central issuance and increase fraud prevention activities. There will be one-time expenses for central issuance development costs and equipment. Annual on-going expenses will be incurred for training, rent and travel. The following chart shows estimated increased expenditures from the DMV Cash Fund for the bill:

	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>On-going Expenses:</b>			
Card Production Increase	731,356	1,462,713	1,462,713
Postage	123,480	246,959	246,959
Public Information Campaign	165,000	330,000	330,000
Training	86,250	29,500	29,500
Staff (17 FTE)	349,268	698,535	698,535
Rent Expense	8,750	17,500	17,500
Travel Expense	16,250	32,500	32,500
<b>Total On-going Costs</b>	<b>1,480,355</b>	<b>2,817,707</b>	<b>2,817,707</b>
<b>One-time Expenses:</b>			
Central Issuance Development	500,000	250,000	0
Equipment	<u>36,000</u>	<u>0</u>	<u>0</u>
<b>Total One-time Costs</b>	<b>536,000</b>	<b>250,000</b>	<b>0</b>
<b>Total Expenditures</b>	<b>2,016,354</b>	<b>3,067,707</b>	<b>2,817,707</b>

Revenues: The bill allows DMV to collect an identity security surcharge to cover the cost of security and technology practices used pursuant to the bill. The surcharge shall not exceed \$8 per license or state identification card. DMV estimates a \$6 surcharge will be imposed. The cash fund revenue from the surcharge will be approximately \$2,858,000 on an annual basis, assuming the issuance of about 476,300 licenses and cards. The amount of cash fund revenue in the initial year will depend upon the date of implementation. Assuming a January 1, 2009 implementation date, approximately \$1,191,000 of cash funds will be received from the surcharge.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	David J. Spatz	DATE	3/18/08	PHONE	471-2526
COMMENTS					
DEPARTMENT OF MOTOR VEHICLES: Concur with Department of Motor Vehicles' analysis of LB 911 as amended, and the increased cash fund expenditures and revenue fiscal impact.					