

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	\$1,610,319		\$1,368,264	
FEDERAL FUNDS				
OTHER FUNDS		See below		See below
TOTAL FUNDS	\$1,610,319	See below	\$1,368,264	See below

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

LB1259 would increase the license plate fee cap from \$3.50 to \$5 starting January 1, 2023. The license plate fee is statutorily required to be set at a level that only covers the costs of the license plate and validation decals. Additionally, the bill would change license plate cycles from 6 years to 10 years starting with the new plate issuance in January 2023. License Plate fees are remitted to the Highway Trust Fund. A transfer from the Highway Trust Fund to the License Plate Cash Fund provides funding for the production of the license plates.

The Department of Motor Vehicles (DMV) provided a fiscal note which discusses increases in costs related to the plate fee increase and moving from a 6 to 10 year cycle. The DMV administratively sets the license plate fee to cover the costs of plates and validation decals. In the event the DMV were to raise the license plate fee administratively, there would be an increase in revenue remitted to the Highway Trust Fund.

Cash Fund expenditures associated with moving from a 6 year to 10 year license plate cycle are estimated by the DMV to be \$1,610,319 in FY23 and \$1,368,264 in FY24. The DMV indicates these expenditures are a result of increased overhead costs. A basis to disagree is absent.

The Department of Transportation provided a fiscal note that discusses an increase in the transfer from the Highway Trust Fund to the License Plate Cash Fund and the ability to accommodate changes in Highway Trust Fund fluctuations through the variable fuel tax.

Taking into account the requirement that plate fees be set at a rate to cover only the cost of plates and validation decals, it is being assumed the Highway Trust Fund will not experience a negative impact.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 1259	AM:	AGENCY/POLT. SUB: Department of Motor Vehicles
REVIEWED BY: Patrick Redmond	DATE: 1/25/2022	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Motor Vehicles assessment of fiscal impact from LB 1259.		

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 1259	AM:	AGENCY/POLT. SUB: Department of Transportation
REVIEWED BY: Patrick Redmond	DATE: 1/28/2022	PHONE: (402) 471-4181
COMMENTS: The Department of Transportation assessment of indeterminate fiscal impact from LB 1259 appears reasonable.		

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

**2022**

**LB<sup>(1)</sup> 1259**

**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 24, 2022 Phone: <sup>(5)</sup> 402-471-3902

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

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	<u>1,610,319</u>	<u>1,610,319</u>	<u>1,368,264</u>	<u>1,368,264</u>
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u><u>1,610,319</u></u>	<u><u>1,610,319</u></u>	<u><u>1,368,264</u></u>	<u><u>1,368,264</u></u>

**Explanation of Estimate:**

The plate cost increase and moving from a six-year plate to a ten-year plate will require an increase in appropriation to the Department of Motor Vehicles, Cash Funds for Program 090. The DMV requests that transfers from the Highway Trust Fund to the DMV License Plate Cash Fund be increased by the amount of these additional expenditures.

**There is also a need for increased appropriation for FY 2021-22 and transfer from the Highway Trust Fund to the License Plate Cash Fund in the amount of \$2,413,077. These amounts are in addition to the amounts included in the Governor's Mid-Biennium Budget recommendation.**

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			<u>1,610,319</u>	<u>1,368,264</u>
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<u><u>1,610,319</u></u>	<u><u>1,368,264</u></u>

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

**2022**

**LB<sup>(1)</sup> 1259**

**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> 1/26/2022 Phone: <sup>(5)</sup> 402-479-4691

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

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>See below</u>	<u>See below</u>	<u>See below</u>	<u>See below</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See below</u>	<u>See below</u>	<u>See below</u>	<u>See below</u>

**Explanation of Estimate:**

LB1259 states license plates shall be issued every ten years beginning in the year 2023, instead of the current six year replacement cycle. The license plate fee charged on new license plates, including duplicates or replacement license plates, shall cover the cost of the license plate and validation decals. The license plate fee determined by the Department of Motor Vehicles (DMV) shall not exceed five dollars beginning January 1, 2023. All fees collected shall be remitted to the State Treasurer for credit to the Highway Trust Fund.

If enacted, LB1259 would allow the DMV to adjust the license plate fees to cover the cost of production of license plates and decals. It is assumed for purposes of this fiscal note that the increased fees would be accompanied by an increase in transfers from the Highway Trust Fund to the License Plate Cash Fund. It is indeterminate how much the increased fee will generate and to what extent an increased transfer would impact the Highway Trust Fund.

During FY 2022-23 and FY 2023-24, the Dept. of Transportation would consider the increased fee revenue and changes in the transfers from the Highway Trust Fund to the License Plate Cash Fund during the motor fuels tax setting process and adjust the variable rate accordingly to generate revenue for NDOT based on the Highway Cash Fund appropriation set by the Legislature. The changes in fees over a multi-year period of time will offset the increased transfers from the Highway Trust Fund. The increase in fees and the increased transfers will also affect the Highway Allocation Fund, which is shared by cities and counties.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23 EXPENDITURES</u>	<u>2023-24 EXPENDITURES</u>
	<u>22-23</u>	<u>23-24</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____