

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$471,250)		(\$137,750)
CASH FUNDS	\$253,000	(\$1,413,750)		(\$413,250)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$253,000	(\$1,885,000)		(\$551,000)

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

LB70 eliminates fees for the issuing of an original, renewal, duplicate, or replacement State ID card to a resident of Nebraska who does not have a valid Nebraska Driver's License and who is or will be at least 18 years of age before the next election. LB70 also removes and fees associated with obtaining a certified copy of a birth record, if the applicant does not have a current Nebraska driver's license or state identification card and the applicant indicates that they need the document for voting purposes.

Expenditures:

The Nebraska Department of Motor Vehicles (NDMV) has estimated LB70 would cause an increase in cash fund expenditures of \$253,000 in FY2023-24. There would be an increased cost associated with producing an estimated 46,000 new cards in the first year of the biennium only (46,000 x \$5.50 cost to produce each card = \$253,000). This 46,000 is based of the 2020 Census data (see the paragraph below for a more detailed explanation).

Revenues:

The NDMV has estimated LB70 could cause a revenue loss of (\$1,885,000) in FY2023-24 and (\$551,000) in FY2024-25. This loss is based off the number of Nebraskans aged 18 and over accounted for on the 2020 Census. The Census quantified there were 1,476,000 Nebraskans 18 years of age and older. Of this number, 1,336,000 have Driver Licenses and 94,000 have State ID cards already issued to them. Thus, approximately 46,000 more Nebraskans aged 18 and older, would qualify for the free State ID card (1,476,000-1,336,000-94,000=46,000). In addition, of the 94,000 Nebraskans whom already have a State ID card, 19,000 would qualify for a free State ID card in the first year of the biennium, when the renew their current State ID card. Hence, 65,000 free State ID cards could be issued in FY2023-24. In FY2024-25, the amount is only expected to be the 19,000 State ID cards which would be up for renewal during that fiscal year. The current fee charged for a State ID card is \$29.00 per card, which is distributed as follows: \$7.25 to the State General Fund, \$16.75 to the DMV Cash Fund, and \$5.00 for Security Surcharges.

Hence, during the biennium the total losses of revenue can be broken down as follows:

- (\$471,250) from the State General Funds (65,000 x \$7.25 = \$ 471,250) in FY2023-24
- (\$1,088,750) from the DMV Cash Funds (65,000 x \$16.75 = \$1,088,750) in FY2023-24
- (\$325,000) from the Security Surcharges (65,000 x \$5.00 = \$325,000) in FY2023-24
- Combined total loss of (\$1,885,000) in FY2023-24, ((\$471,250) General Funds & (\$1,413,750) Cash Funds loss))
- (\$137,750) from the State General Funds (19,000 x \$7.25 = \$137,750) in FY2024-25
- (\$318,250) from the DMV Cash Funds (19,000 x \$16.75 = \$318,250) in FY2024-25
- (\$95,000) from the Security Surcharges (19,000 x \$5.00 = \$95,000) in FY2024-25
- Combined total loss of (\$551,000) in FY2024-25, ((\$137,750) General Funds & (\$413,250) Cash Funds loss))

NDMV has stated that an additional funding source would be needed to cover the increased expenditures and revenue losses associated with LB70. Also, there would be a potential small loss in revenue to DHHS's Organ Tissue Donor Awareness Education Fund, as those who currently pay for State ID cards have the opportunity to donate \$1.00 to DHHS's special fund. This potential impact is indeterminate at this time and not accounted for in the table above.

The Nebraska Department of Health and Human Services (NDHHS) has indicated LB70 would require a minor change in their current regulations which require applicants to establish proof of identity prior to issuance of a certificate of birth. NDHHS may require two items of proof, if needed to confirm applicants' identities. The cost to update their regulations would be only around \$645, which they intend to absorb if LB70 passes. NDHHS has estimated a minor fiscal impact, based on numbers of birth certificates for voting purposes after the stat of Kansas passed a similar law. They anticipate around 28 birth certificates for voting purposes would be requested in FY2023-24 with a possible revenue loss of (\$1,500) and only 2 to be requested in FY2024-25 for a (\$32) revenue loss. All of these minor fiscal amounts would be absorbed by NDHHS as per their fiscal note. These negligible fiscal impact amounts are not reflected in the table above as NDHHS did not reflect the losses in their fiscal note boxes, plus stated they intend to absorb them.

There is no basis to disagree with the fiscal impact estimates provided by NDMV or NDHHS.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 70	AM:	AGENCY/POLT. SUB: Department of Motor Vehicles
REVIEWED BY: Kimberly Burns	DATE: 01/19/2023	PHONE: (402) 471-4171
COMMENTS: The Department of Motor Vehicle's assessment of fiscal impact for LB 70 seems reasonable given the assumptions used.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 70	AM:	AGENCY/POLT. SUB: Department of Health and Human Services
REVIEWED BY: Kimberly Burns	DATE: 02/01/2023	PHONE: (402) 471-4171
COMMENTS: The Department of Health and Human Services' assessment of minimal fiscal impact that could be absorbed by the department from LB 70 seems reasonable given the assumptions used.		

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 2-1-2023

Phone: (5) 471-6719

	FY 2023-2024		FY 2024-2025	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				
	\$0	\$0	\$0	\$0

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

Explanation of Estimate:

LB 70 eliminates fees associated with issuance of State identification cards and certified copies of birth records for individuals seeking to obtain documentation for voting purposes. The Department of Health and Human Services (DHHS), Office of Vital Statistics current Regulations 174 NAC 3 require the applicant to establish proof of identity prior to issuance of a certificate of birth. DHHS may require two (2) items of proof, if needed, to confirm the applicant’s identity. Regulations also require DHHS to determine if the reason for the request is in accordance with 174 NAC 3-004 Proper Purpose.

LB 70 would require a minor change in Regulation 174 NAC 3. The applicable regulation requiring payment of a fee would not need to be amended since it currently states that “unless exempt from payment by law”, for certified copies and “at the statutory fee” for copies (not certified) and searches.”

The cost to update regulations will be absorbed by the department and is as follows:

Title	Hour(s)	Hourly Cost	Absorbed Cost
<i>Director</i>	1	\$ 76	\$ 76
<i>Deputy Director</i>	1	\$ 55	\$ 55
<i>Administrator I</i>	1	\$ 31	\$ 31
<i>Program Specialist</i>	2	\$ 23	\$ 47
<i>Program Analyst</i>	4	\$ 23	\$ 91
<i>Attorney III</i>	10	\$ 35	\$ 345
<i>Total Costs</i>			\$ 645

LB 70 would have an estimated minor impact on the DHHS Office of Vital Statistics’ revenue. The State of Kansas has a similar law and provided data to DHHS regarding the number of birth certificates issued for voting purposes over the past five (5) years. The average count was twenty-eight (28) per year, with annual numbers declining to two (2) per year. Based upon this data, we estimate the annual revenue loss to range between \$32 and \$1,500. The department will absorb this revenue loss.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES

Benefits.....		
Operating.....		
Travel.....		
Capital Outlay.....		
Aid.....		
Capital Improvements.....		
TOTAL		\$0
		\$0

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2023

LB⁽¹⁾ 70

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 12, 2023 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		(471,250)		(137,750)
CASH FUNDS	253,000	(1,413,750)		(413,250)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>253,000</u>	<u>(1,885,000)</u>		<u>(551,000)</u>

Explanation of Estimate:

2020 Census Nebraskans Aged 18 and over – 1,476,000
 Nebraskans Aged 18 and over with a Driver License – 1,336,000
 Nebraskans Aged 18 and over with a State ID -94,000
 Nebraskans Aged 18 and over who can apply for a State ID card – 46,000
 State ID Cards Issued FY 2023-24 = 19,000 Renewal of State ID + 46,000 Do not have State ID = 65,000
 State ID Cards Issued FY 2024-25 = 19,000 Renewal of State ID only
 Numbers rounded to the nearest 1,000

Based on the 2020 Census, and documents currently issued to Nebraskans aged 18 and over (see above), the DMV calculates that the Department will issue 65,000 Identification Cards with no fees collected in FY 2023-24, and 19,000 in FY 2024-25. The allocation of the \$29.00 fees is \$16.75 to the DMV Cash Fund, \$5.00 for Security Surcharges, and \$7.25 to the State General Fund. The total loss of revenue will be \$1,885,000 in FY2023-24 and \$551,000 in FY 2024-25.

The Department currently pays approximately \$5.50 per card issued. The increased cost for the 46,000 cards produced will be \$253,000 in FY 2023-24. The 19,000 renewals each year have already been paid for with existing appropriation so additional appropriation will be necessary.

Based on this information an additional funding source will be necessary to recover this reduction in revenue and increase card production costs.

Additionally, citizens that obtain a State Identification Card will not have the opportunity to donate \$1.00 to the Organ Tissue Donor Awareness Education Fund. There will be a small loss in revenue to this fund within DHHS.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			253,000	
Travel.....				
Capital outlay.....				

