

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 754 requires the Department of Motor Vehicles and the Game and Parks Commission to work together to establish a method to purchase a park entry permit at the same time a person registers a resident motor vehicle online. The park entry permit would be a decal to be affixed to the rear license plate and would be one-half of the normal price of an annual permit. The annual permit is \$30, which makes the online permit issued by the department \$15. The decal permit would be valid during the registration period of the motor vehicle.

Revenue Impact - Indeterminate

The impact on park permit revenue is difficult to determine since it is unknown how many of the people who purchase a permit for half-price when registering their vehicle online would have purchased a permit for the full price (a \$15 per permit revenue decrease), versus how many people who purchase a permit when registering their vehicle who do so because of the bargain price and would not have purchased a full price permit (a \$15 per permit revenue increase).

In 2017 there were 19,101 annual park permits sold online by the Game and Parks Commission. Assuming that these individuals are comfortable making online transactions a large share of them may transition to purchasing their permit when registering their vehicle online to take advantage of the half-price permit. There were about 268,000 motor vehicles registered online by individuals last year. It is unknown how many will decide to purchase a park entry permit for another \$15.

Initially there may be an increase in revenue from owners of vehicles registered late in the year who purchase a full price annual permit for summer use and then also purchase the discounted permit when they register their vehicle in order to start the cycle of buying the discounted permit.

Expenditure Impact

The Department of Motor Vehicles will shoulder the costs of developing an online process that provides for the issuance of park entry permits. They have estimated that necessary changes to the Vehicle Title and Registration System (VTR) will require 455 hours of programming and 145 hours of project management, in addition to requiring a change to the new VTR modernization project. They do not provide a dollar estimate of these costs but do indicate they would be significant.

The department is allowed to deduct a processing fee from the park permit revenue before sending the balance to the Game and Parks Commission. The amount of this fee is not specified in the bill and is unknown at the present time.

LB754

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 754	AM:	AGENCY/POLT. SUB: Department of Motor Vehicles	
REVIEWED BY:	Claire Oglesby	DATE:	1/23/18 PHONE: (402) 471-4174
COMMENTS: Department of Motor Vehicles' statement appears reasonable based on the assumptions provided.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 754	AM:	AGENCY/POLT. SUB: Nebraska Game and Parks Commission	
REVIEWED BY:	Claire Oglesby	DATE:	1/17/18 PHONE: (402) 471-4174
COMMENTS: Nebraska Game & Parks Commission's statement appears reasonable based on the assumptions provided.			

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

2018

LB⁽¹⁾ 754

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 18, 2018 Phone: ⁽⁵⁾ (402)471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The DMV will be responsible for issuing park permit stickers during registration of the vehicle, however the Department is unable to determine the cost of the stickers, or the number that will be required to purchase.

This legislation will require 455 hours of programming and 145 hours of project management from our portal provider that the DMV may be responsible for paying. It will also require a change for the new VTR modernization project/contract, which costs will be significant, but undeterminable at this time.

This legislation allows the Department to collect a processing fee, however the amount we can collect is not specified, therefore no additional revenue has been included.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2018

LB⁽¹⁾ 754 Vehicle Registration Park Permit Decal

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Game and Parks Commission

Prepared by: ⁽³⁾ Patrick H. Cole Date Prepared: ⁽⁴⁾ 1/5/2017 Phone: ⁽⁵⁾ 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2018-19		FY 2019-20	
	<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:

The proposed legislation would establish a new type of park permit, the Nebraska state park system permit decal (decal). This new decal version would be available for purchase at one-half the fee of an annual permit (currently \$30, making the decal \$15). The decal would be purchasable at the same time and in conjunction with a person's online resident motor vehicle registration. The decal would be affixed to the rear license plate of the resident motor vehicle and be valid during the same period that the registration were valid. This would normally be a 12-month period, but not necessarily a calendar year which is what a park permit is valid for.

The Commission is directed to enter into an agreement with the Department of Motor Vehicles (DMV) to facilitate the design and sale of these decals. The purchase process requires the development of a secure online purchase system that provides for the registration of a resident motor vehicle at the same time. Since the DMV already has an online registration process, it is presumed that the park decal offering would be added to the existing process. The party responsible for the cost of programming time/expense to incorporate the decal into the current process is not specified, it is assumed the DMV would cover the programming costs. As such, we will yield to their estimates on development costs. An implementation time shall be on or before January 1, 2020. Based on the presumed programming requirements and decal production time, it would be assumed that a January 1, 2020 start would be the earliest.

The decal may expire prior to the registration 12-month period expiration if the vehicle is transferred, destroyed, salvaged, declared illegal/ineligible to be operated on the public roads, traded in or surrendered under lease or moved to another state.

Continued....

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

The extent to which revenues would be impacted will be a product of the number of decals issued and permits sold. Due to the number of variables that would affect these sales, an accurate assessment cannot be determined. Additionally the fee that the DMV could charge for processing, which will be subtracted from the permit fee is not clearly identified, thus an estimate of revenue the Commission would receive for each decal sold is unknown.

Kansas had adopted similar legislation with a smaller discounted (38%) registration "decal" (called a Park Passport in Kansas). Assuming a similar sales pattern, it appears an initial increase in revenue occurs with visible shifts from regular permit numbers (decreasing over time) to Park Passports (increasing over time). The short operable time frame has not posted an actual decline in revenues but the trajectory is headed in that direction. We would anticipate that the long-term impacts would be revenue negative. Kansas legislation also specified the service charge fee which could be collected and retained as up to \$0.50, and is collected in addition to the permit fee.

Assumption/factors that would affect the fiscal impact:

Appears the decal would only be purchasable during online registration processes (currently just under 11% of vehicle registrations occur online (268,025 of 2,223,703 for 12-month period December 2016- November 2017 – latest figures from DMV). Approximately 14% of the annual park permits sold in 2017 were purchased online. This could impact and limit the anticipated migration from permits to decals if online purchase is a deterrent.

Since the decal option is one-half the price of the Annual Permit (\$15 vs \$30) it would be appealing to historical/frequent park users so a shift would occur overtime as individuals became aware of the option and their vehicle registrations became due (if they are comfortable with online business). Timing of the shift would be affected by timing of vehicle registration due dates and park visitation periods. Certainly the potential of a full shift to decals is possible which would result in a revenue decline overtime.

Initially a late year vehicle registration period may result in the purchase of an Annual permit, only to be augmented by a 12-month vehicle decal later in the year...followed by routine decal purchases. Thus an increase in revenue could be experienced in the initial years.

The convenience of incorporating registration and vehicle registration could entice new park visitors, adding to the base number of users and increasing revenues. Two new users would be necessary to replace one park permit shift to a decal to remain revenue neutral.

The introduction of a new type of permit that augments existing permits that is displayed in a nontraditional location (i.e. rear license plate vs driver side windshield), and has a 12-month valid period that could cross calendar year (traditional permit period) will introduce some enforcement challenges and increase the time involved for verification.