

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	LPCF - \$3,600 JOCF - \$5,950	DMVCF - \$1,500 JOCF - \$5,950	LPCF - \$7,200 JOCF - \$18,150	DMVCF - \$4,500 JOCF - \$18,150
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$9,550	\$7,450	\$25,350	\$22,650

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

LB166 provides for the issuance of Josh the Otter - Be Safe Around Water license plates beginning January 1, 2022. The plates may be either alphanumeric or contain a personalized message. Additionally, the bill would require the Nebraska Game and Parks Commission (NGPC) to create a program for the purpose of providing financial support to for the education of children about water safety. Also created by the bill is the Josh the Otter – Be Safe Around Water Cash Fund which will be utilized to administer the program in the form of grants to non-profit organizations. Recipient organizations will utilize the grants to support educating children about water safety.

Applicants for:

- Alphanumeric plates pay an additional initial and renewal fee of \$5 which is credited to the newly created cash fund.
- Personalized message plates pay an additional annual \$40 plate fee of which 25% (\$10) is credited to the Department of Motor Vehicles Cash Fund (DMVCF) and 75% (\$30) to the newly created cash fund.

Revenue:

All applicants for plates also pay the regular per plate fee (current fee is \$3.30), which is capped at \$3.50 by current statute. If the manufacturing cost of the plates exceeds the amount charged as a regular plate fee, the revenue remitted to the Josh the Otter Cash Fund (JOCF) is reduced by the difference between the manufacturing costs and the amount charged for a plate set, and is credited to the Highway Trust Fund (HTF). The bill contains 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 DMV estimates the new plates will cost \$3.60 per plate to manufacture, making the difference \$0.60 per plate set. This requires an adjustment to the revenue deposited in the JOCF in the amount of \$300 in FY22 and \$600 in FY23 based on the estimated number of plate sets to be issued.

DMV estimates, which are based on historical trends, provide that 1000 sets of plates will be sold each fiscal year. Because the bill provides that the plates will be available January 1, 2022, the estimated number of plate sets for FY22 is 500. Additional assumptions by the DMV include; the plates issued in FY22 will be renewed in in FY23 and 70 percent of plate sets will be alphanumeric and 30 percent personalized message. The table below provides estimated revenue amounts based on these assumptions.

Josh The Otter Plates Revenue Estimate	FY22	FY23
Alphanumeric Plates Issued/Renewed	350	1050
Message Plates Issued/Renewed	150	450
Josh the Otter Cash Fund Portion (less HTF Credit)	\$5,950	\$18,150
DMVCF Portion	\$1,500	\$4,500

The bill allows owners to apply to the country treasurer to transfer specialty plates from one owned vehicle to another. The application fee for the transfer is \$3.00. The fees are placed in the DMVCF. The number of transfers is unknown, thus an estimate is not provided.

(continued)

Expenditures:

The DMV has indicated there will be costs in FY22 associated with modifying the Vehicle Titling and Registration and plate management computer systems to accommodate the new Josh the Otter plates. The department indicates it can handle the estimated 80 hours of programming and testing with existing staff and resources.

Other expenditures include the cost of manufacturing the Josh The Otter plates. The DMV estimates that each plate will cost \$3.60 to manufacture. This cost is attributable to the License Plate Cash Fund (LPCF) which receives transfers from the HTF only for the purposes of producing the license plates and the validation decals that are affixed to each plate. The table below provides expenditure estimates based on the number of plate sets the DMV estimates will be issued.

Josh the Otter Plates Expenditure Estimate	FY22	FY23
Estimate to Manufacture a Single Plate		\$3.60
Estimated Plate Sets to Manufacture	500	1000
Total Expenditures	\$3,600	\$7,200

It is being assumed that expenditures by the NGPC for the administration of the program funded by the Josh The Otter plates will mirror revenues.

Agency Fiscal Notes (see attached):

The estimates provided on the fiscal note provided by the DMV were used as a basis for determining the impacts. The one exception is:

- The reduction in revenue to the JOCF due to the cost of manufacturing exceeding what is currently charged does not appear to be accounted for.

The NGPC provided a fiscal note with estimated revenues that are based on a similar interest level as to that of the Mountain Lion Conservation Plate. With regard to the administration of the program created by the bill, the agency indicates the expenditures are not determinable at this time due to the inability to know precisely what revenue will be actualized.

The Department of Transportation indicated no fiscal impact.

NOTE: The estimates in this fiscal note are based on agency assumptions with the understanding that; 1) it is difficult to gauge interest in new plate types, 2) The number of vehicles registered in the state has remained relatively static, and 3) There are currently 42 different plate types currently available.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 166	AM:	AGENCY/POLT. SUB: Nebraska Department of Motor Vehicles	
REVIEWED BY:	Lucas Martin	DATE: 01/13/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with Department of Motor Vehicles' assessment of fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 166	AM:	AGENCY/POLT. SUB: Nebraska Department of Transportation	
REVIEWED BY:	Lucas Martin	DATE: 02/16/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Transportation's assessment of no fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 166	AM:	AGENCY/POLT. SUB: Nebraska Game & Parks Commission	
REVIEWED BY:	Lucas Martin	DATE: 01/28/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Game & Parks Commission's assessment of fiscal impact.			

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2021

LB⁽¹⁾ 166

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 11, 2021 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	3,600	7,750	7,200	23,250
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	3,600	7,750	7,200	23,250

Explanation of Estimate:

Effective date of January 1, 2022 – **Josh the Otter – Be Safe Around Water Plate**

Program 070

There will be 80 hours of Programming and Testing for this new plate that can be absorbed within existing DMV appropriation.

Past history has shown that 1000 sets of these plates will be sold every fiscal year. Due to the effective date of January 1, 2022 we estimate 500 sets of plates will be sold during the first fiscal year. In addition, past history has shown that 70% of the plates sold are Numeric plates and 30% are Message plates.

FY21-22 Revenue 500 sets sold – 350 Numeric plates at \$5 each will be credited to the Josh The Otter – Be Safe Around Water Cash Fund - \$1,750 and 150 Message plates at \$40 each will credited \$1,500 to the DMV Cash Fund and \$4,500 to the Josh The Otter – Be Safe Around Water Cash Fund.

FY22-23 Revenue 1000 sets sold and 500 renewals – 700 Numeric plates sold plus 350 Renewals at \$5 each = \$5,250 will be credited to the Josh The Otter – Be Safe Around Water Cash Fund and 300 sets Message plate sold and 150 renewals = \$18,000, \$13,500 will be credited to the Josh The Otter – Be Safe Around Water Cash Fund and \$4,500 will be credited to the DMV Cash Fund.

Program 090

500 sets (1000 plates) at \$3.60 = \$3,600 FY 20-21 and 1000 sets (2000 plates) at \$3.60 = \$7,200 FY 21-22

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			3,600	7,200
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			3,600	7,200

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2021

LB⁽¹⁾ 166 water safety plates and new fund

FISCAL NOTE

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

Prepared by: ⁽³⁾ Patrick H. Cole Date Prepared: ⁽⁴⁾ 1/20/2021 Phone: ⁽⁵⁾ (402) 471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	\$58,750
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	\$58,750

Explanation of Estimate: The proposed legislation would create a new "Josh the Otter-Be Safe Around Water" plate that would be offered to vehicle owners in a similar fashion and price structure as the current Mountain Lion Conservation and Wildlife Conservation Plates. Revenues generated would be credited to a new "water fund" (created in this LB) "Josh the Otter-Be Safe Around Water Cash Fund" to be administered by the Game and Parks Commission for awarding grants to nonprofit organizations for educating individuals about water safety. Particular emphasis would be on children staying away from water unless accompanied by an adult.

Alphanumeric plates would provide five dollars to the Water Fund for each plate issued. Personalized plates would cost an additional forty dollars, of which thirty dollars per plate issued would go to the Water Fund. Applications for the new plates are expected to be available January 1, 2022.

Revenue amounts will depend upon the number of plates issued (# Alphanumeric x \$5, and # Personalized x \$30). These amounts could be reduced if production costs exceed the amount charged.

Based on the 2019 Department of Motor Vehicles Annual Report some 15,641 specialty plates were issued across 16 varieties. Mountain Lion Conservation Plate sales were the fourth highest sales in 2019 and have averaged \$235,000 annually for the last 3-full years of sales. With several new plates introduced since 2019, it is difficult to predict how much interest there will be in these particular plates. For purposes of this fiscal note, an estimate of 25% of mountain lion plates is used.

Additionally the Nebraska Game and Parks Commission will be charged with implementing and administering the grant program. The amount of time and effort needed for the program will be somewhat driven by the revenues generated and is thus indeterminable at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2021

LB⁽¹⁾ 166

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Transportation

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 2/18/2021 Phone: ⁽⁵⁾ 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<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:

LB 166 provides for the Josh the Otter-Be Safe Around Water Plates and creates the Josh the Otter - Be Safe Around Water Cash Fund. Each application for initial and renewal issuance of alphanumeric plates shall be accompanied with a five-dollar fee which is to be credited to the Josh the Otter – Be Safe Around Water Cash Fund. In addition, a fee of forty dollars will be collected for issuance or renewal of personalized plates where 25% of the fee will be distributed to the Department of Motor Vehicles (DMV) Cash Fund and 75% of the fee to the Josh the Otter – Be Safe Around Water Cash Fund.

DMV is to design the plates to limit the manufacturing cost of each plate to an amount less than or equal to the amount charged for licensing plates per section 60-3,102. If the cost of manufacturing these plates exceeds the amount charged pursuant to section 60-3,102, the revenue from the additional plate fee shall be credited first to the Highway Trust Fund to cover the cost of manufacturing with the remainder credited to the Josh the Otter – Be Safe Around Water Cash Fund.

No fiscal impact is anticipated to the Department.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____