

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$41,830	\$217,620	\$30,985	\$445,120
FEDERAL FUNDS				
HIGHWAY TRUST FUND		\$9,880		\$9,880
TOTAL FUNDS	\$41,830	\$227,500	\$30,985	\$455,000

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

LB 437 provides for the issuance of military, firefighter, child abuse and wildlife conservation license plates. The plates may be either numerical or message plates. Applicants pay an annual fee of \$15 for a numerical plate or \$40 for a personalized plate. Five dollars of the numerical plate fee and \$30 of the personalized plate fee is credited to the Department of Motor Vehicles Cash Fund. Ten dollars of the numerical and the message plate fee is credited to either the Nebraska Veteran Cemetery System Operation Fund (military plates), Training Division Cash Fund (firefighter plates), Child Abuse Prevention Fund (child abuse plates) or the Nongame and Endangered Species Conservation Fund (wildlife conservation plates). It is assumed the bill has an operative date of January 1, 2008.

Applicants for plates also pay the regular per plate fee, which is capped at \$3.50 by current statute. The current plate fee is \$3.25. The regular plate fee is placed in the Highway Trust Fund (HTF). If the manufacturing cost of the plates exceeds the amount charged as a regular plate fee, then the difference between the manufacturing costs and the amount charged is credited to the HTF instead of one of the various cash funds. The bill also has 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.

Expenditures: LB 437 will increase expenditures of the Department of Motor Vehicles (DMV) by \$8,000 of cash funds to print application forms for the new plates and pay for postage for pick-up notices in 2007-08 and 2008-09. There will also be one-time costs of \$30,000 in 2007-08 to modify computer systems to accommodate the new plates. An additional temporary Office Clerk position will be needed for fourteen months to assist with the workload increase. Projected increased cash fund expenditures for the Clerk will be \$3,830 in 2007-08 and \$22,985 in 2008-09.

Regular plate fees are deposited in the Highway Trust Fund (HTF) to pay the manufacturing cost of license plates. DMV estimates the cost of the specialty plates will be \$3.63 for a six-year plate. It is not known whether the plate design will be such that the cost can be limited to the current amount charged for a regular plate. The specialty plates currently issued cost more to produce than regular plates. This fiscal note assumes the plate cost will be \$3.63 as estimated by the department.

The number of applicants for the various specialty plates is unknown. This fiscal note assumes 26,000 sets of plates will be initially produced in 2007-08. If so, then the HTF will receive \$169,000 (\$6.50/set plate fees x 26,000 sets) of revenue from regular plate fees. The estimated cost to produce 26,000 sets of plates is \$188,760 (\$7.26/set x 26,000 sets). The estimated \$19,760 gap between revenue from regular plate fees and costs to produce specialized plates will be subtracted from the revenue placed in the designated cash funds.

Revenues: Increased revenue from the \$15 annual fee for a numerical plate and \$40 fee for a message plate will be deposited in the DMV Cash Fund and one of the other designated cash funds. The fiscal note assumes half of the new plates will be purchased in 2007-08 and half in 2008-09. The revenue doubles in the second fiscal year due to fees being paid on an annual basis. Assuming 26,000 sets of plates are manufactured in 2007-08 in the quantities shown on the chart below, and 90% are numerical plates, there will be an overall increase in revenue from annual fees paid during the two-year period of \$682,500. Revenue for the DMV Cash Fund will increase by \$292,500 and revenue for the other designated cash funds will increase by \$370,240, assuming a \$19,760 estimated offset for manufacturing costs, over the two-year period. The following chart shows estimated revenue by fund:

	<u># of Sets</u>	<u>Est. Revenue 2007-08</u>	<u>Est. Revenue 2008-09</u>
Veteran Cemetery Sys. Oper. Fund	8,000	36,936	76,936
Training Division Cash Fund	10,000	46,246	96,246
Child Abuse Prevention Fund	4,000	18,469	38,469
Endangered Species Conservation Fund	<u>4,000</u>	18,469	38,469
DMV Cash Fund	26,000	97,500	195,000
Highway Trust Fund		<u>9,880</u>	<u>9,880</u>
Total Annual Fee Revenue		227,500	455,000

The bill allows owners to apply to the county treasurer to transfer specialty plates from one owned vehicle to another. The application fee for the transfer is \$3. The fees are placed in the DMV Cash Fund. The number of transfers is unknown.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Rich Robinson	DATE	1/25/07	PHONE	471-2526
<p>COMMENTS</p> <p>MOTOR VEHICLES – No basis to disagree. HHS – No fiscal impact. HHS FINANCE & SUPPORT – No basis to disagree. DEPT. OF ROADS – No fiscal impact. VETERANS' AFFAIRS – No basis to agree or disagree with revenue estimate. GAME & PARKS COMMISSION – No basis to disagree with revenue estimate.</p>					