

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$1,214,180	(\$137,750)	\$615,764	(\$137,750)
CASH FUNDS	\$553,000	(\$413,250)		(\$413,250)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$1,767,180</b>	<b>(\$551,000)</b>	<b>\$615,764</b>	<b>(\$551,000)</b>

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

LB 535 changes provisions related to the Election Act.

Section 3 provides a definition for “Valid photographic identification”.

Section 4 requires the Secretary of State to provide a website dedicated to voter identification requirements and procedures, a public awareness campaign regarding the voter identification requirements and procedures, and instructions and information to the Department of Health and Human Services, the Department of Motor Vehicles (DMV), and the State Department of Education for distribution to Nebraska residents regarding valid photographic identification.

Section 5 requires the registration application process established by Secretary of State in conjunction with the Department of Motor Vehicles to be able to verify voter identification electronically.

Section 9 requires inclusion of the identification number of the voter’s valid photographic identification issued by the State of Nebraska or, if none, a photocopy of any other valid photographic identification issued to the voter when a request for a ballot is made to the election commissioner or county clerk.

Section 12 requires a voter who fails to produce a valid photographic identification at the polling place to fill out a voter identification verification envelope with specified information.

Section 13 requires the Voter’s Oath to include the following language:

“My Nebraska driver’s license or state identification card number is....., or for a voter without such identification, a photocopy of my valid photographic identification is enclosed.”

Section 14 addresses election commissioners and county clerks’ removal of ballots from the ballot box and separating voter identification envelopes from the rest of the ballots. The election commissioner or county clerk shall also verify that such persons have not voted anywhere else in the county or been issued a ballot for early voting.

Section 17 (7) prohibits any fee being charged for issuance of an original, renewal, or duplicate state identification card to a resident of Nebraska who does not have a valid Nebraska driver’s license, who is requesting issuance of such card for voting purposes, and who will be at least 18 years old on or before the next election conducted under the Election Act.

Section 18 (9) prohibits the Department of Health and Human Services from charging any fee for a certified copy of a birth record if the applicant does not have a current Nebraska driver’s license or state identification card and indicates in the application that the applicant needs a certified copy of the birth record to apply for a state identification card for voting purposes.

The Department of Health and Human Services estimates a small cash fund revenue decrease of approximately \$2,250 over a five-year period, related to the provision of providing birth records at no fee. This estimate appears to be reasonable.

The DMV, based on 2020 Census data, estimates 65,000 Identification Cards with no fees will be obtained in fiscal year 2023-24. 19,000 such cards will be obtained in fiscal year 2024-25. The allocation of funds otherwise collected for such cards results in a

General Fund revenue decrease of (\$471,250) in FY24 and (\$137,750) in FY25. The estimated DMV Cash Fund revenue loss is (\$1,413,750) in FY24 and (\$413,250) in FY25. These estimates assume the maximum number of eligible persons will obtain Identification Cards. Since revenue losses are to be estimated relative to prior collections, revenue loss based on 65,000 Identification Cards is not used in this fiscal note. This fiscal note utilizes the 19,000 Identification Card figure that is anticipated in FY25 and applies it to FY24 revenue loss projections. The 19,000 figure captures the estimated population that annually obtains Identification Cards. That is the population from which revenue is received. The additional 46,000 persons that DMV estimates in FY24 represent the population of persons who have not previously obtained Identification Cards. Under this logic, that population would not otherwise obtain Identification Cards and, therefore, revenue would not be collected; there is no lost revenue since those dollars would not have normally been collected.

The DMV estimates increased Cash Fund expenditures totaling \$553,000 in FY24. This estimate is the total cost of \$253,000 (46,000 cards at a cost of \$5.50 per card) plus \$300,000 to address significant programming costs and increased costs that will be incurred to provide the affidavit document. DMV does not have all the costs estimates currently available at this time. It should be noted that this estimate includes a population that is discounted under the revenue loss estimate. Inclusion of these costs under expenditures is appropriate because DMV will incur actual costs for these persons if they obtain Identification Cards under the provisions of LB 535. This portion of the estimate may increase as more data and information is available.

There is no basis to disagree with DMV estimates.

The Secretary of State estimates a total cost of \$1,214,180 in General Funds for FY24 and \$615,764 of General Funds in FY25. Of this total, \$1.2 million in FY24 and \$700,000 would be used for the required public awareness campaign. These estimates are based on data obtained from multiple local agencies. Additionally, the Secretary of State would need to hire a project manager to coordinate the statewide education effort. The estimated cost for salary, benefits, and operational costs of the project manager is \$106,000 per year.

The Secretary of State's estimate to provide the specified "voter identification verification envelope" is \$74,450. Changes to early voting ballot return envelopes is estimated to be \$200,000. These are one-time costs for the Secretary of State, as they will provide the initial stock of envelopes to counties and, in the future, counties would be responsible for replenishing stock.

Finally, the Secretary of State estimates a cost of \$112,800 to perform computing system modifications in FY24 and travel costs of \$20,000 in FY24 and \$10,000 in FY25.

There is no basis to disagree with the Secretary of State's estimates.

Lancaster County estimates a cost of \$24,643 in FY24 and \$61,607 in FY25. These are costs associated with staff time and printing of envelopes.

Douglas County estimates a cost of \$37,912 beginning in FY24. These are costs associated with staff time and printing of envelopes.

It is not feasible to survey all 93 counties to determine their potentially incurred costs associated with the bill's provisions. Lancaster and Douglas Counties responses are included to show that LB 535 may result in some costs to counties.

There is no basis to disagree with any fiscal estimates provided.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
<b>LB: 535</b>	<b>AM:</b>	<b>AGENCY/POLT. SUB: Department of Health and Human Services</b>
<b>REVIEWED BY:</b> Kimberly Burns	<b>DATE:</b> 01/27/2023	<b>PHONE:</b> (402) 471-4171
<b>COMMENTS:</b> No basis to dispute the Department of Health and Human Services' assessment of negligible fiscal impact due to cash fund revenue loss from LB 535.		

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
<b>LB: 535</b>	<b>AM:</b>	<b>AGENCY/POLT. SUB: Department of Motor Vehicles</b>
<b>REVIEWED BY:</b> Kimberly Burns	<b>DATE:</b> 01/30/2023	<b>PHONE:</b> (402) 471-4171
<b>COMMENTS:</b> No basis to disagree with the Department of Motor Vehicles' assessment of fiscal impact from LB 535.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: <b>535</b>	AM:	AGENCY/POLT. SUB: <b>Secretary of State</b>	
REVIEWED BY: Kimberly Burns	DATE: 01/30/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to dispute the Secretary of State's assessment of additional fiscal impact from LB 535.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: <b>535</b>	AM:	AGENCY/POLT. SUB: <b>Lancaster County Election Commissioner</b>	
REVIEWED BY: Kimberly Burns	DATE: 01/20/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to disagree with the Lancaster County Election Commissioner's assessment of fiscal impact from LB 535.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: <b>535</b>	AM:	AGENCY/POLT. SUB: <b>Douglas County, Nebraska</b>	
REVIEWED BY: Kimberly Burns	DATE: 01/25/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to dispute Douglas County Nebraska's assessment of fiscal impact from LB 535.			

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

**2023**

**LB<sup>(1)</sup> 535**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Secretary of State

Prepared by: <sup>(3)</sup> Joan Arnold Date Prepared: <sup>(4)</sup> 1-26-2023 Phone: <sup>(5)</sup> 402-471-2384

**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	\$1,214,180		\$615,764	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$1,214,180</u>		<u>\$615,764</u>	

**Explanation of Estimate:**

LB535 establishes procedures for verification of photographic identification for elections. This proposed legislation would require additional appropriations for our office for the following requirements.

Public Awareness Campaign:

Section 4 of LB535 requires the Secretary of State to provide a public awareness campaign to include “multiple mediums and in-person events.” To ensure a consistent and effective message is delivered statewide across all media networks, our office would anticipate contracting with an advertising agency. Based on the average of budgetary quotes obtained from multiple local agencies, this cost is estimated to be \$1,200,000, with \$700,000 in FY24 and \$500,000 in FY25. Additionally, due to existing staff constraints, we anticipate needing to hire a project manager to coordinate the statewide education effort. This position is expected cost approximately \$106,000 per year for salary, benefits, equipment, supplies, and technology expenses.

Envelopes:

LB535 proposes a new type of envelope be used for in person voting when no identification is provided by the voter at the polling site. These ballots would be placed into a “voter identification verification envelope.” Based on a quote from the State Print Shop and current shipping rates, we estimate the cost of obtaining and distributing these envelopes, along with a label for provisional ballot envelopes, to be \$74,450. This is a one-time cost for FY24.

Additionally, LB535 requires some significant changes to the early voting ballot return envelopes. Our current estimate for these envelopes is \$200,000 based on historical prices and current vendor discussions; however, that estimate could change if we had more time to get additional quotes.

Our office would provide the initial stock of these new envelopes to the counties. The counties would then be responsible for replenishing both types of envelopes in the future.

System Coding:

LB535 would require modifications to our voter registration system to pull in the DMV digital image, to acquire ID expiration data, to display additional verification data to county officials, to add a new module for the voter verification envelope process, and to adjust our public voter website to display voter verification ballot status for individual voters who did not provide ID at voting, similar to provisional ballots. Our system vendor estimates these modifications would cost \$112,800. This is a one-time cost for FY24.

Travel:

We estimate needing \$20,000 in FY24 and \$10,000 in FY 25 for staff travel expenses related to training county

officials across the state, as well as for in-person public education events.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b><u>POSITION TITLE</u></b>	<b><u>NUMBER OF POSITIONS</u></b>		<b><u>2023-24</u></b>	<b><u>2024-25</u></b>
	<b><u>23-24</u></b>	<b><u>24-25</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
Project Manager	1.0	1.0	\$72,100	\$74,263
Benefits.....			\$28,840	\$29,705
Operating.....			\$1,090,640	\$501,796
Travel.....			\$20,000	\$10,000
Capital outlay.....			\$2,600	
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$1,214,180</b>	<b>\$615,764</b>

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

**2023**

**LB<sup>(1)</sup> 535**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Lancaster County Election Commissioner

Prepared by: <sup>(3)</sup> David J. Shively Date Prepared: <sup>(4)</sup> 1/20/2023 Phone: <sup>(5)</sup> 402 441-7311

**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	\$24,643	\$0.00	\$61,607	\$0.00
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$24,643</u>	<u>\$0.00</u>	<u>\$61,607</u>	<u>\$0.00</u>

Explanation of Estimate: Our estimates include staff time and printing of envelopes. One election is FY 23-24 and Three Elections in FY 24-25.

**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>
Temporary Election Clerks			\$17,251	\$43,125
Benefits.....				
Operating.....			\$7,392	\$18,482
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<u>\$24,643</u>	<u>\$61,607</u>

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

**2023**

**LB535**<sup>(1)</sup> *Require valid photographic identification and change provisions relating to voting under the Election Act and certain identification documents*

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> DOUGLAS COUNTY, NEBRASKA

Prepared by: <sup>(3)</sup> Brian W. Kruse, Douglas County Election Commissioner      Date Prepared: <sup>(4)</sup> 1/23/2023      Phone: <sup>(5)</sup> 402-444-8683

**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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u><b>NEW COST</b></u>	<u>N/A</u>	<u><b>ON-GOING NEW COST</b></u>	<u>N/A</u>

Explanation of Estimate:

**NEGATIVE (DETRIMENTAL) FISCAL IMPACT TO DOUGLAS COUNTY**

Category	Additional Election Cost	Notes
Provisional envelope - No ID	\$11,592.00	\$0.84 per envelope x 230 precincts x 60 per precinct
Provisional envelope - No ID staff labor	\$4,160.00	16 hours x \$13 per hour x 20 employees
Additional staff for ID comparison for EV by mail	\$20,880.00	3 staff x \$15 per hour x 464 hours
Additional staff for Provisional - No ID 7 day window	\$1,280.00	2 staff x \$16 per hour x 40 hours
<b>TOTAL</b>	<b>\$37,912.00</b>	

**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 1-27-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$0	\$0	\$0	\$0
<b>CASH FUNDS</b>	\$0	\$0	\$0	\$0
<b>FEDERAL FUNDS</b>	\$0	\$0	\$0	\$0
<b>OTHER FUNDS</b>	\$0	\$0	\$0	\$0
<b>TOTAL FUNDS</b>	\$0	\$0	\$0	\$0

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

**Explanation of Estimate:**

LB535 will require voters to have valid photographic identification and change provisions relating to certain identification documents pertaining to voting under the Election Act.

The Secretary of State will provide the Department of Health and Human Services with instructions and information, regarding these new voting requirements and the way to obtain a free valid photographic identification, to distribute to Nebraska (NE) residents.

Under this bill there will be no fees for issuing an original, a renewal, or a duplicate state identification card to a resident of NE who does not have a valid NE driver's license so long as their request is for voting purposes.

Likewise, there will not be a fee to issue a certified copy of a birth record for a NE resident that does not have a driver's license or state identification card and needs one for a driver's license or state identification card application for voting purposes. Vital Records estimates this Cash Fund loss of revenue to be \$2,250 over a five-year period.

**MAJOR OBJECTS OF EXPENDITURE**

**PERSONAL SERVICES:**

POSITION TITLE	23-24	24-25	2023-2024 EXPENDITURES	2024-2025 EXPENDITURES
Benefits.....			\$0	\$0
Operating.....			\$0	\$0
Travel.....			\$0	\$0
Capital Outlay.....			\$0	\$0
Aid.....			\$0	\$0
Capital Improvements.....			\$0	\$0
<b>TOTAL.....</b>			<b>\$0</b>	<b>\$0</b>

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

**2023**

**LB<sup>(1)</sup> 535**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Motor Vehicles

Prepared by: <sup>(3)</sup> Bart Moore Date Prepared: <sup>(4)</sup> January 27, 2023 Phone: <sup>(5)</sup> 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	553,000	(1,413,750)		(413,250)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>553,000</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.

Additionally, we estimate our card provider will incur costs of \$300,000, to provide the affidavit document. This is our best estimate at this time as information is being gathered to determine the cost and feasibility of producing this document. There will be significant programming costs incurred working with the OCIO and our card provider. Currently, we do not have all the cost estimates.

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>

<b>Benefits</b> .....				
<b>Operating</b> .....			553,000	
<b>Travel</b> .....				
<b>Capital outlay</b> .....				
<b>Aid</b> .....				
<b>Capital improvements</b> .....				
<b>TOTAL</b> .....			553,000	