

PREPARED BY: Shelly Glaser
 DATE PREPARED: February 2, 2024
 PHONE: 402-471-0052

LB 114

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revising Fiscal Note to clarify fund distribution.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$7,433,750		\$7,433,750
CASH FUNDS	(\$224,000)	\$4,729,250	(\$248,000)	\$4,729,250
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$224,000)	\$12,163,000	(\$248,000)	\$12,163,000

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

LB114 increases fees for driver records and services provided by the Nebraska Department of Motor Vehicles as follows:

1. Driver record abstract fees would be increased from \$7.50 to \$24.00; with the increase in revenue being credited to the State General Fund and the Department of Motor Vehicles (DMV) Cash Fund.
2. Driver record monitoring service fees per record would go from \$.06 to \$.30; with \$.24 credited to the DMV Cash Fund and the remaining \$.06 split as follows: 41 2/3% to the DMV Cash Fund, 25% to the General Fund, and 33 1/3 % to the Records Management Cash Fund.
3. A certified abstract of an operating record will cost \$3.00 as before, however the additional fee specified in (8) will increase from \$4.00 to \$21.00 per record; with \$5.50 of each fee being credited to the DMV Cash Fund, \$11.50 to the General Fund, and \$4.00 to the Operator's License Services System Replacement and Maintenance Fund.
4. An extract of a registered/titled vehicle record would be increased from \$1.00 to \$3.00; the entire amount will go to the License Plate Cash Fund.
5. An extract of the DMV's entire file of registered/titled vehicles in Nebraska would go from \$18.00 to \$40.00 per 1,000 records; this entire amount would still go to the DMV Cash Fund.
6. Driver record header information fees would increase \$18.00 to \$30.00 for every 1,000 records; and shall be credited to the DMV Cash Fund.
7. Individual vehicle record fees would increase from \$1.00 to \$3.00; with the increased \$2.00 to be credited to the License Plate Cash Fund (the original \$1.00 will still be credited to the Records Management Cash Fund).
8. Bulk vehicle record fees per 1,000 records would go from \$18.00 to \$40.00; with the increase alone of \$22.00 to be credit to the License Plate Cash Fund (the original \$18.00 will still be credited to the Records Management Cash Fund).

This act would become operative on July 1, 2025. This bill has an emergency clause.

Expenditures:

The Nebraska Secretary of State has indicated that due to an estimated 30% reduction in the number of records purchased (utilizing an estimate provided by the DMV), would likely reduce their expenditures by \$224,000 in FY2025-26 and \$248,000 in FY2026-27. Additionally, the agency has noted the possibility that this reduction in records and subsequent reduced funding for the Nebraska State Records Board portal manager, Tyler Nebraska, may potentially impact the future cost and availability of portal services for the state.

Revenues:

The Nebraska Department of Motor Vehicles (DMV) is estimating LB114 would increase total revenues by \$12,163,000 in FY2025-26 and \$12,163,000 in FY2026-27, with the distribution as follows:

1. Changing the Driver Record Abstract (\$7.50 up to \$24.00), with an estimated 665,000 sold during each fiscal year, would increase revenues credited to the State General Fund and the DMV Cash Fund.
2. Increasing the Monitoring Service Fee (\$.06 per operating record to \$.30) would generate an estimated \$2,100,000 cash funding each year of the biennium for the DMV Cash Fund.
3. The Driver Record Header Information fees (increased from \$18 per 1,000 records to \$30), would increase revenues \$19,000 in cash funding credited to the DMV Cash Fund.
4. Individual Vehicle Records fee increases (from \$1.00 to \$3.00) would generate an additional \$1,000,000 in cash funding each year of the biennium. Currently, the \$1.00 fee equates to a \$175,000 credited to the DMV Cash Fund. The new statute language would instead move all of the credit for these records to the DMV License Plate Cash Fund. As both of these funds are for the DMV, the increase amount only is \$1,000,000 in both years of the biennium.
5. The fee per 1,000 Vehicle Records will be increased (from \$18 to \$40 per thousand), with the increase estimated to be \$209,000 in cash funding each year of the biennium. The increased amount only of this fee is to be credited to the DMV Cash Fund, with the original fee portion not being diverted from the Secretary of State.

Revenue Changes from LB114		
	FY2025-26	FY2026-27
State General Fund	\$7,433,750	\$7,433,750
DMV Cash Fund	\$4,979,250	\$4,979,250
Secretary of State Records Management Cash Fund	\$(285,000)	\$(285,000)
DMV DLS Modernization Fund	\$(1,140,000)	\$(1,140,000)
DMV License Plate Cash Fund	\$1,175,000	\$1,175,000

The Nebraska Secretary of State is estimating a loss of cash fund revenue in both fiscal years of the biennium.

There is no basis to disagree with these estimations of fiscal impact by the DMV and the Secretary of State.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 114	AM:	AGENCY/POLT. SUB: Secretary of State	
REVIEWED BY: Joe Massey	DATE: 1/28/2025	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Secretary of State assessment of fiscal impact from LB 114			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 114	AM:	AGENCY/POLT. SUB: Department of Motor Vehicles	
REVIEWED BY: Joe Massey	DATE: 1/15/2025	PHONE: (402) 471-4181	
COMMENTS: Concur with the Department of Motor Vehicles assessment of revenue changes from LB 114			

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LB⁽¹⁾ 114

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 13, 2025 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	<u>7,433,750</u>	_____	<u>7,433,750</u>
CASH FUNDS	_____	<u>4,729,250</u>	_____	<u>4,729,250</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>12,163,000</u>	<u>_____</u>	<u>12,163,000</u>

Explanation of Estimate:

This legislation has four fee increases that will have a fiscal impact. First, changing the Driver Record Abstract from \$7.50 to \$24.00, with the increase in revenue being credited to the State General Fund and the Department of Motor Vehicles (DMV) Cash Fund. The Department estimates that 665,000 Driver Records will be sold during each fiscal year. Second, the Monitoring Service Fee will be increased from \$0.06 per operating record to \$0.30 per record. This \$0.24 increase will all be credited to the DMV Cash Fund. This increase will generate an estimated \$2,100,000 per fiscal year. Third, Driver Record Header Information fees will be increased from \$18 per 1,000 records to \$30 per 1,000 records. This will generate an estimated \$19,000 in revenue to the DMV Cash Fund per fiscal year. The last fee increase will be for Vehicle Records. There are two different fees associated with this increase. First, the individual record search will increase from \$1.00 to \$3.00. This fee increase will generate an estimated \$1,000,000 each fiscal year. The new rate will all be credited to the DMV License Plate Cash Fund of \$1,175,000. Currently, the DMV Cash Fund is credited for the DMV portion of the \$1 fee. This will result in a loss of revenue to the DMV Cash Fund of \$175,000 per fiscal year. The fee for records requested over 1,000 will be increased from \$18 per thousand, to \$40 per thousand. The total amount of revenue generated from these increases will be estimated to be \$209,000 annually. The effective date of this legislation is July 1, 2025. The annual total fiscal impact is estimated to be \$12,163,000.

The net breakdown of for each funding source is as follows:

State General Fund	\$7,433,750
DMV Cash Fund	\$4,979,250
Secretary of State	\$ (285,000)
DLS Modernization Fund	\$(1,140,000)
DMV License Plate Cash Fund	\$1,150,000

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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2025

LB⁽¹⁾ 114

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Secretary of State

Prepared by: ⁽³⁾ Joan Arnold Date Prepared: ⁽⁴⁾ 1-16-2025 Phone: ⁽⁵⁾ 402-471-2384

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	<u>(\$224,000)</u>	<u>(\$280,000)</u>	<u>(\$248,000)</u>	<u>(310,000)</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>(\$224,000)</u>	<u>(\$280,000)</u>	<u>(\$248,000)</u>	<u>(310,000)</u>

Explanation of Estimate:

LB114 proposes to significantly increase the Driver License Record fee from \$7.50 per record to \$24.00 per record. The Secretary of State's Records Management (RM) Cash Fund receives \$1.00 per record of this fee. LB114 does not propose to change the \$1.00 sent to the RM Cash Fund; however, due to the significant increase in fees, the DMV does estimate a 30% reduction in records purchased. As a result of the reduced sales, we would expect to receive \$280,000 less in revenue in FY26 and \$310,000 less in FY27. In accordance with the State Records Board portal manager agreement, 80% of these fees are paid to Tyler Nebraska, so expenditures would also see a reduction of \$224,000 in FY26 and \$248,000 in FY27, for a net loss to the RM Cash Fund of \$56,000 in FY26 and \$62,000 in FY27 (and onward). Amounts paid to Tyler Nebraska under the portal manager agreement fund operation of Nebraska.gov, the self-funding portal which provides electronic access to public records, information, and services. Tyler Nebraska supports over 1,200 applications and service installations and 80 websites for state and local agencies. A reduction in funding for the portal may impact the availability of portal services and therefore, could have additional financial implications for other agencies.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			<u>(\$224,000)</u>	<u>(\$248,000)</u>
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>(\$224,000)</u>	<u>(\$248,000)</u>