

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			\$450,700 - \$1,099,100	Up to \$1,099,100
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$450,700 - \$1,099,100	Up to \$1,099,100

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

LB 709 allows approved motor vehicle or motorcycle dealers to issue titles, registrations, license plates, and validation and tonnage decals; provide notations and cancellations of liens; and, collect taxes and fees for motor vehicles, beginning January 1, 2010. Dealers must apply to the Department of Motor Vehicles (DMV) for authorization to provide the services. DMV may charge dealers initial and renewal application fees to cover the cost of allowing dealers to offer these services. Dealers may charge purchasers fees for the services provided. Fees for the collection of sales taxes are to be remitted to counties and are not to be retained by dealers.

Expenditures: The fiscal impact of the bill is difficult to project because the number of dealers that will opt to provide services is unknown. DMV indicates there are about 1,600 new and used car dealers in the state. DMV projects a need for additional staff to review and monitor dealer issuance of titles, registrations and license plates. The increase in DMV staff will partially depend upon the number of dealers offering services.

The department proposes to select a third party vendor to provide a secure computer interface to the state computer system for dealers to record titles, registrations, plates, taxes and fees. It is assumed there will be a one-time cost of \$30,000 of cash funds paid by DMV in 2009-10 for computer programming to obtain the secure interface to the state computer system. It is also assumed that dealers will bear the expense to pay the third party vendor for transaction costs.

The department estimates there may be over 500 new and used car dealers that would opt to provide services to customers. If these numbers of dealers participate, the department projects a need for 26 additional FTE. DMV staff will need to be available via a Help Desk to assist dealers during normal dealer business hours which could be up to 74 hours per week. Auditors will be needed to monitor compliance and clerks will be required to process applications, supply forms and monitor plate inventories. A trainer and an infrastructure technician will also be required.

The estimated on-going annual cost for 26 FTE, additional title and registration forms and related operating expenses is \$1,230,600 of cash funds. One time equipment costs of \$91,000 will also be incurred in 2009-10. Additional license plates will also need to be produced in 2009-10 at an estimated cost of \$50,000 of cash funds. It is assumed expenses in the initial year of implementation will be about 75% of on-going costs, due to a January 1, 2010 implementation date. So, total increased expenditures in 2009-10 are estimated to be \$1,099,100, including the cost of the computer interface.

The actual increase in staff and expenditures will depend upon dealer participation. It is assumed the fiscal estimate provided by DMV is the maximum that will be required pursuant to the bill. At a minimum it is assumed there will be a need for at least 10 additional FTE. The estimated minimum increase in expenditures in 2009-10 is \$450,700. On-going annual expenses at the minimum level are estimated to be \$485,300.

Revenues: LB 709 provides that DMV may charge dealers initial and renewal application fees to cover the cost of DMV services. The bill does not define a fee schedule for DMV. It is assumed the department will develop a fee schedule to recover costs pursuant to the bill. The cash flow of fees to recover implementation costs is unknown.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
LANCASTER COUNTY: No basis for agreement or disagreement with potential subsidiaries' estimate of negligible cost or savings fiscal impact.					

