

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	LPCF – 3,600 SACF – 5,950	SACF – 5,950 DMVCF – 1,500	LPCF – 7,200 SACF – 18,150	SACF – 18,150 DMVCF – 4,500
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.

LB942 provides for the issuance of Support the Arts license plates beginning on January 1, 2021. The plates may be either alphanumeric or personalized message plates. Additionally, the bill would create the Support the Arts Cash Fund (SACF) which will be administered by the Nebraska Arts Council.

Applicants for:

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

The language which creates the SACF directs that funds are to be expended by the Nebraska Arts Council to provide aid to communities that designate a focus area of the city for arts and cultural development, and to defray the costs directly related to the administration of the 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 SACF 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 SACF in the amount of \$300 in FY21 and \$600 in FY22 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, 2021, the estimated number of plate sets for FY21 is 500. Additional assumptions by the DMV include; the plates issued in FY21 will be renewed in FY22 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.

Support the Arts Plates Revenue Estimate	FY21	FY22
Alphanumeric Plates Issued/Renewed	350	1050
Message Plates Issued/Renewed	150	450
SACF Portion (less HTF Credit)	\$5,950	\$18,150
DMVCF Portion	\$1,500	\$4,500

(continued on next page)

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.

Expenditures:

The DMV has indicated there will be costs in FY21 associated with modifying the Vehicle Titling and Registration and plate management computer systems to accommodate the new Support the Arts 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 Support the Arts 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.

Support the Arts Plates Expenditure Estimate	FY21	FY22
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 for the administration of the program funded by the SACF 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 SACF due to the cost of manufacturing exceeding what is currently charged does not appear to be accounted for.

The Nebraska Arts Council has provided a fiscal note with revenue estimates that are derived from an estimated 5,000 plates that would be issued each fiscal year. Further, expenditures are not listed but the narrative indicates if the bill passes they would equal revenue and would be attributable to aid provided to communities.

The Nebraska Department of Transportation provided a fiscal note indicating no impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 942	AM:	AGENCY/POLT. SUB: Nebraska Department of Transportation	
REVIEWED BY: Lucas Martin	DATE: 1/24/2020	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: 942	AM:	AGENCY/POLT. SUB: Nebraska Department of Motor Vehicles	
REVIEWED BY: Lucas Martin	DATE: 1/23/2020	PHONE: (402) 471-4181	
COMMENTS: Given the Department of Motor Vehicle's assumptions, there is no basis to disagree with the estimated fiscal impact.			

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2020

LB⁽¹⁾ 942

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 16, 2020 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	<u>3,600</u>	<u>7,750</u>	<u>7,200</u>	<u>23,250</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>3,600</u>	<u>7,750</u>	<u>7,200</u>	<u>23,250</u>

Explanation of Estimate:

Effective date of January 1, 2021 – Support the Arts

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, 2021 we estimate 500 sets of plates will be sold. In addition, past history has shown that 70% of the plates sold are Numeric plates and 30% will be Message plates

FY20-21 Revenue 500 sets sold – 350 Numeric plates at \$5 each will be credited to the Support the Arts Cash Fund - \$1,750 and 150 Message plates at \$40 each will credited \$1,500 to DMV and \$4,500 to the Support he Arts Cash Fund.

FY21-22 Revenue 1000 sets sold and 500 renewals – 700 Numeric plates sold plus 350 Renewals at \$5 each = \$5,250 will be credited to the Support the Arts Cash Fund and 300 sets Message Plates sold and 150 renewals = \$18,000, \$13,500 will be credited to the Support the Arts Cash Fund and \$4,500 will be credited to the DMV.

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>2020-21 EXPENDITURES</u>	<u>2021-22 EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
Benefits.....				
Operating.....			<u>3,600</u>	<u>7,200</u>
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				

TOTAL.....

3,600

7,200

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2020

LB⁽¹⁾ 942

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Arts Council

Prepared by: ⁽³⁾ Michael Markey Date Prepared: ⁽⁴⁾ 1/15/2020 Phone: ⁽⁵⁾ 402-595-2195

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	\$27,000	_____	\$27,000
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>\$27,000</u>	<u>0</u>	<u>\$27,000</u>

Explanation of Estimate:

Revenue are based on estimated sales of 4,900 alphanumeric license plates for which the Arts Council would receive \$5 each and 100 personalized plates for which Arts Council would receive \$30 each. (see attached worksheet)

There are no expenses unless LB 943 passes, which provides competitive grants for creative districts. Then the expenditures, in the form of grants, would equal revenue.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21 EXPENDITURES</u>	<u>2021-22 EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

LB 942 ARTS ATTACHMENT

2/7/2020

	Alphanumeric			Personalized		
	Estimated Sales	Fee to NAC	NAC revenue	Estimated Sales	Fee to NAC	NAC revenue
Support the Arts Tag	4,900	\$ 5	\$ 24,500	100	\$ 30	\$ 3,000

Total Sales 5,000

Total Revenue \$ 27,500

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2020

LB⁽¹⁾ 942

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 1/15/2020 Phone: ⁽⁵⁾ 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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 942 provides for Support the Arts Plates. 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 Support the Arts Fund. In addition, a fee of forty dollars for personalized plates will be collected for issuance or renewal of each plate where 25% of the fee will be distributed to the Department of Motor Vehicles Cash Fund and 75% of the fee to the Support the Arts Fund.

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 Support the Arts 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>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____