

Revised on 2/27/09 based upon amendments adopted through 2/26/09.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$20,000	(\$259,075)		(\$207,325)
FEDERAL FUNDS				
HIGHWAY TRUST FUND	\$73,500	\$537,575	\$21,000	\$610,825
TOTAL FUNDS	\$93,500	\$278,500	\$21,000	\$403,500

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

LB 110 provides for the issuance of specialty license plates for nonprofit organizations, increases and changes the disposition of the fees for message plates, changes the allocation of fees for Cornhusker spirit plates, and reduces the fee for a Gold Star Family plate. The bill also provides for all or a portion of the fees for Pearl Harbor, Gold Star Family, Ex-Prisoner of War, Disabled American Veteran and Purple Heart plates to be deposited in the Nebraska Veteran Cemetery System Operation Fund (VCSO) rather than the DMV Cash Fund or the Highway Trust Fund (HTF). The operative date of the bill is January 1, 2010. The following sections of the bill have a fiscal impact.

Specialty License Plates: Sections 3 and 4 require the Department of Motor Vehicles (DMV) to issue specialty license plates for any organization for which 500 prepaid applications have been submitted. The organizations must be nonprofit corporations or a group of nonprofit corporations with a common purpose. The issuance of such plates shall begin on or before January 1, 2011. The initial and annual renewal fee for specialty license plates is \$70, of which \$10.50 is credited to the DMV Cash Fund and \$59.50 is deposited in the HTF.

All 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. It is likely the fee will increase with the new issuance of plates in 2011, so the plate fee is assumed to be \$3.50 for the purposes of this fiscal note. The regular plate fee is placed in the Highway Trust Fund (HTF).

LB 110 increases expenditures of DMV by \$20,000 of cash funds in 2009-10 to modify the Vehicle Titling and Registration and plate management computer systems to reflect the new plate types and changes in message plate fees.

The number of applicants for organization specialty plates is unknown. This fiscal note assumes four organizations will initially apply for specialty plates in 2009-10 and an additional two organizations will apply in 2010-11. It is assumed the minimum of 500 plates will be sold for these organizations.

Assuming the manufacturing cost is equal to the price charged for a plate, then expenditures by the HTF and revenue received by the fund from plate charges will equal \$14,000 (\$7.00/set x 2,000 sets) for plates applied for in 2009-10 and \$21,000 (\$7.00/set x 3,000 sets) for those applied for in 2010-11.

Increased revenue from the \$70 annual fee for an organization specialty plate is deposited in the DMV Cash Fund (\$10.50) and the HTF (\$59.50). The following table shows the estimated revenue increases assuming 2,000 sets of plates are applied for in 2009-10 and an additional 1,000 sets are applied for in 2010-11.

<u>LB 110</u>	<u>Fee</u>	<u>Est. # of Sets</u>	<u>Revenue 2009-10</u>	<u>Revenue 2010-11</u>
DMV Cash Fund	\$10.50	2,000	\$21,000	
Highway Trust Fund	\$59.50	2,000	\$119,000	
DMV Cash Fund	\$10.50	3,000		\$31,500
Highway Trust Fund	\$59.50	3,000		\$178,500
Total Revenue			\$140,000	\$210,000

Message and Spirit Plate Fee Changes: Section 5 increases the initial and renewal fees for personalized message plates from \$30 to \$40. The \$10 fee increase is deposited in the HTF. A statistical analysis completed by the Fiscal Office estimates a \$10 increase in the message plate fee will result in about a 17% decrease in plate sales in 2009-10. The decrease in plate sales, coupled with a \$10 increase in the message plate fee, results in a 9% increase in overall revenue in 2009-10. The following table shows the projected change in revenue for the DMV Cash Fund and HTF pursuant to the fee increase and the change in disposition of fee proceeds.

	<u>Current Fee</u>	<u>Current Revenue</u>	<u>LB 110 Fee</u>	<u>Est. Revenue Per \$10 Fee Inc. 2009-10</u>	<u>Est. Revenue Per \$10 Fee Inc. 2010-11</u>	<u>Total Revenue Change 2009-10</u>	<u>Total Revenue Change 2010-11</u>
DMV Cash Fund	\$30	\$1,562,000	\$30	\$1,278,750	\$1,320,000	-\$283,250	-\$242,000
Highway Trust Fund	\$0	\$0	\$10	\$426,250	\$440,000	\$426,250	\$440,000
Total	\$30	\$1,562,000	\$40	\$1,705,000	\$1,760,000	\$143,000	\$198,000

If the sales of message plates decrease in 2009-10 as projected due to a higher fee for the plates, then additional regular license plates will need to be produced in 2009-10 to replace the message plates that applicants opt to discontinue. Approximately 8,500 additional sets of regular license plates will need to be produced if consumers switch from message plates to regular plates as projected. The estimated increase in expenditures for the HTF to produce the license plates is \$59,500 (\$7.00/set x 8,500 sets).

Section 15 changes the disposition of fees for Cornhusker spirit plates. Currently, \$30 of the \$70 fee for the initial issuance and renewal of Cornhusker spirit plates is deposited in the DMV Cash Fund and \$40 is deposited into the Spirit Plate Proceeds Fund. The bill provides for the \$40 share to be allocated to the HTF at the point in time when the Spirit Plate Proceeds Fund has been credited with \$5 million.

Current law provides for two endowments to be set up with \$5 million of spirit plate proceeds for financial support to athletes and academic services for athletes. Ten percent of the funds received after the endowments are funded are to be allocated to the initial endowment for athletes and the remainder is to be allocated to the University of Nebraska and state colleges for the repair, maintenance, upkeep and improvement of facilities.

The requirement in LB 110 to deposit \$40 of the fee from Cornhusker spirit plates in the HTF, after \$5 million of endowments is funded, transfers funding that would have been allocated at some point in the future for the financial support of athletes and for the repair and maintenance of facilities at the University of Nebraska and state colleges. The University projects that \$3 million of the endowments will be entirely funded sometime in 2009. So, the change in the disposition of spirit plate proceeds is not projected to occur for at least seven years.

Gold Star Family plate fee change: Section 7 reduces initial and renewal fees for Gold Star Family plates from \$15 to \$5. Current law provides for the issuance of these plates to begin in 2009-10 with \$5 of the fee to be deposited in the DMV Cash Fund and \$10 in the VCSO Fund. The bill provides for the \$5 fee to be placed in the VSCO Fund. The change will decrease revenue for the DMV Cash Fund and the VSCO Fund by approximately \$2,250 for each fund per year.

Fee Proceeds to Veteran Cemetery System Operation Fund: The following chart shows the estimated annual loss of revenue for the DMV Cash Fund and the HTF and increased revenue for the VCSO Fund pursuant to changes in the allocation of fees from Pearl Harbor, Gold Star Family message plates, Prisoner of War, Disabled American Veteran and Purple Heart plates. The estimates are based upon the number of plates issued in 2007 and the number projected for Gold Star Family plates in the initial year of issuance.

Plate Type	# of Sets	Annual Revenue	Annual Rev.	Annual Rev.
		Increase Vet. Cem. Sys. Fund	Decrease HTF	Decrease DMV CF
Pearl Harbor	16	80	-80	
Gold Star Message	50	1,000		-1,000
Ex-POW	83	415	-415	
DAV	512	2,560	-2,560	
Purple Heart	924	<u>4,620</u>	<u>-4,620</u>	
Total Revenue		8,675	-7,675	-1,000
Change				

In summary, the total estimated net revenue change by fund pursuant to the bill is as follows:

	Net Revenue Change	
	2009-10	2010-11
DMV Cash Fund	-\$265,500	-\$213,750
Highway Trust Fund	\$537,575	\$610,825
Spirit Plate Proceeds Fund*	0	0
Veteran Cemetery System Fund	<u>\$6,425</u>	<u>\$6,425</u>
Total Revenue Increase	\$278,500	\$403,500

*Future loss of revenue projected