

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0			
CASH FUNDS	\$591,425	(\$756,900)	\$346,825	(\$756,900)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$591,425	(\$756,900)	\$346,825	(\$756,900)

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

LB1298 amends §60-4,112 and §60-462 to propose the Nebraska Department of Motor Vehicles (DMV) provide for the issuance of:

- Veteran licenses may be issued to:
 - o A veteran resident of Nebraska at the time of application;
 - o Who served in active military, naval, or air service; and
 - o Was not discharged or released dishonorably.
 - o A current or former member of the NE National Guard or reserve forces who served on active duty; and
 - o A current or former member of the NE National Guard or reserve forces who has 20+ years of creditable service in the NE National Guard or reserve forces.
 - o A veteran who is a U.S. citizen or NE resident at the time of application;
 - o Who served on active duty in the armed forces of an ally of the U.S. during wartime, or any conflict when personnel were committed by the President of the United States;
 - o Whether or not such veteran was assigned to a unit or division which directly participated in such war or conflict; and
 - o Who was discharged or separated under honorable conditions.
- Honorary licenses to:
 - o A NE resident who is the surviving spouse of a veteran (who would qualify for the veteran license). Such license shall be valid only as long as the surviving spouse remains unmarried; or
 - o A NE resident who is the spouse of a disabled veteran that cannot operate a motor vehicle (who would qualify for the veteran license).
- Distinctive licenses to:
 - o Any member of the NE National Guard in good standing who has completed at least one year of satisfactory service:
 - o Upon receipt of written notice from the Adjutant General that the person is no longer a member of the NE National Guard in good standing, this license will be cancelled; and
 - o The Adjutant General is required to notify the DMV withing 30 days after such occurrence.

The DMV shall:

- Provide the above licenses free of charge at both the initial and renewal application times;
- Determine what proof is required by the applicants to obtain the licenses;
- Adopt rules and regulations on the types and classes of vehicles that can be operated under these licenses; and
- Allow these licenses to be valid for 10 years, up until the age of 65, at which time an annual renewal would be necessary.

Expenditures:

The DMV has estimated cash fund expenditures of \$591,425 in FY2024-25 and \$346,825 FY2025-26. A breakdown is as follows:

FY2024-25 EXPENDITURES		FY2025-26 EXPENDITURES	
CARD PRODUCTION COSTS est.	\$ 346,825	CARD PRODUCTION COSTS est.	\$ 346,825
OCIO SENIOR DEVELOPER CARD DEVELOPMENT est.	\$ 19,600	OCIO SENIOR DEVELOPER CARD DEVELOPMENT est.	\$ -
VENDOR CREATION OF NEW CARD TYPES est.	\$ 225,000	HIGHWAY TRUST CASH FUND est.	\$ -
TOTAL EXPENDITURES est.	\$ 591,425	TOTAL EXPENDITURES est.	\$ 346,825

The DMV (utilizing a veteran count received from the NDVA) along with the yearly renewal requirement for veterans over the age of 65, is expecting to produce around 56,000 veteran, honorary, or distinctive licenses each year. This production would cost approximately \$346,825 per year, and would not be recouped with any fees or charges to the applicant. Additionally, another 200 hours of lower-level programming, the DMV would complete in-house and absorb the cost utilizing their current appropriation in FY2024-25.

The Nebraska Department of Veterans Affairs (NDVA) has indicated they would have a \$2,000 general fund expenditure in FY2024-25, for modification of the registry database, which can be accommodated within their current appropriation.

Revenues:

The DMV estimates a potential total loss of cash fund revenue of \$756,900 in both FY2024-25 and FY2025-26. The expected loss of revenue for issuing licenses to the veterans would be \$730,800 each year. The approximate loss of revenue associated with issuing fee free licenses to members of the NE National Guard is \$26,100 per year. Not included in these amounts are the spouses, as there is not enough data available to aid in calculating the number of surviving spouses, nor spouses who drive in lieu of a disabled veteran driving. Additionally, there is not an estimate of the number of duplicate licenses that may be requested.

The agency estimates that yearly revenue loss to the DMV Cash Fund would not be sustainable. Thus, a future funding source for these licenses (potentially from the general fund) could be necessary.

There is no basis to disagree with these estimates of fiscal impact provided by the DMV, the NDVA, and the Military Department.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1298	AM:	AGENCY/POLT. SUB: Nebraska Department of Veterans Affairs (NDVA)	
REVIEWED BY: Joe Massey		DATE: 1/19/2024	PHONE: (402) 471-4181
COMMENTS: Nebraska Department of Veterans Affairs (NDVA) assessment of fiscal impact from LB 1298 appears reasonable using the assumptions provided			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1298	AM:	AGENCY/POLT. SUB: Military Department-Agency 31	
REVIEWED BY: Joe Massey		DATE: 1/25/2024	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Military Department-Agency 31's assessment of no fiscal impact from LB 1298			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1298	AM:	AGENCY/POLT. SUB: Motor Vehicles	
REVIEWED BY: Joe Massey		DATE: 1/30/2024	PHONE: (402) 471-4181
COMMENTS: Motor Vehicles assessment of fiscal impact from LB 1298 appears reasonable using the assumptions provided			

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2024

LB⁽¹⁾ 1298 (REVISED)

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 24, 2024 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	591,425	(756,900)	346,825	(756,900)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>591,425</u>	<u>(756,900)</u>	<u>346,825</u>	<u>(756,900)</u>

Explanation of Estimate

This legislation creates three new driver licenses or documents. The Department of Veteran’s Affairs has indicated there are currently 126,000 veterans in the State of Nebraska, included in this number are 56,000 veterans over the age of 65. The DMV will have a revenue loss per fiscal year of \$730,800. This is calculated by estimating that 20% of veterans will need to renew their license or 25,200 veterans at \$29.00 per document. Of these, there will be some veterans who do not want the new document; and some will come in early to obtain the document. There will be additional loss of revenue for 1) a surviving spouse, and 2) a spouse who operates a vehicle for a veteran who is disabled and cannot drive, 3) and for duplicates the number of which cannot be determined. There is no data available to calculate the applicable number for these three items, so the total loss of revenue cannot be calculated. This legislation also provides for free driver license for members of the National Guard who have more than one year of service. According to the National Guard, there are currently 4,500 that would qualify. This would result in 900 free driver licenses being issued annually for which revenue would not be collected, for a loss of \$26,100 to the DVM Cash Fund each fiscal year.

The Department estimate that this legislation will require 400 hours of programming; of this, 200 hours will be completed by the DMV and be absorbed within existing appropriation. The remaining 200 hours will need to be complete by the OCIO Senior Developer at a cost of \$98.00 per hour for a one-time cost of \$19,600. In the past, estimates from our vendor for creation of new card types will result in a one-time cost estimate of \$225,000. After the first year of this legislation, the department will incur additional card production costs of \$346,825 for producing up to 56,000 documents. This will continue for 4 fiscal years, due to the requirement that the veteran must renew every year after reaching the age of 65.

Due to the significant revenue loss each fiscal year, an alternative funding source needs to be identified.

Total Cost Summary:

OCIO Development	\$19,600
Vendor Card Development	\$225,000
Card Cost for new cards	\$346,825
Total	\$591,425
Future Fiscal Yr. Cards	\$346,825

Total Revenue Summary:

Each Fiscal Year	(\$756,900)
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BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			591,425	346,825
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			591,425	346,825

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2024

LB⁽¹⁾ 1298

FISCAL NOTE

State Agency OR Political Subdivision Name:
⁽²⁾

Military Department- Agency 31

Prepared by: ⁽³⁾ Patrick Briggs

Date Prepared: ⁽⁴⁾ Jan 19, 2024

Phone: ⁽⁵⁾ 402-429-1457

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0		\$0	
CASH FUNDS	\$0		\$0	
FEDERAL FUNDS	\$0		\$0	
OTHER FUNDS	\$0		\$0	
TOTAL FUNDS	\$0		\$0	

Explanation of Estimate:

The Military Department does not estimate any fiscal impact because this legislation only requires the department to notify the Nebraska Department of Motor Vehicles when a service member is no longer a member of National Guard in good standing.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024-25	2025-26
	24-25	25-26	EXPENDITURES	EXPENDITURES
N/A	0	0	\$0	\$0
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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2024

LB⁽¹⁾ 1298

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Veterans Affairs (NDVA)

Prepared by: ⁽³⁾ Nicole S Zimmermann Date Prepared: ⁽⁴⁾ 1/18/2024 Phone: ⁽⁵⁾ 531-220-1433

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	2,000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	2,000			

Explanation of Estimate:

LB 1298 would have a nominal expense to modifying the registry database which we anticipate being approximately \$2000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024-25 EXPENDITURES	2025-26 EXPENDITURES
	24-25	25-26		
Benefits.....				
Operating.....			2,000	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			2,000	