

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 271

Introduced by Haar, 21; Nantkes, 46.

Read first time January 14, 2009

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 79-1018.01, Reissue Revised Statutes of Nebraska, and
3 section 60-3,186, Revised Statutes Cumulative Supplement,
4 2008; to adopt the Car Tax Reduction Act; to harmonize
5 provisions; and to repeal the original sections.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 4 of this act shall be known and
2 may be cited as the Car Tax Reduction Act.

3 Sec. 2. The purpose of the Car Tax Reduction Act is
4 to reduce the motor vehicle tax levied by sections 60-3,186 and
5 60-3,187 on passenger cars as defined in section 60-345 and trucks
6 as defined in section 60-356 registered for three tons or less. The
7 tax relief will be distributed to owners of such passenger cars
8 and trucks in the form of a motor vehicle tax credit that will be
9 reimbursed to local governments from excess revenue collected by
10 the state and appropriated for such purpose.

11 Sec. 3. The Car Tax Reduction Cash Fund is created.
12 The fund shall only be used pursuant to the Car Tax Reduction
13 Act. There shall be a subfund within the fund for each calendar
14 year for which a car tax reduction appropriation has been made by
15 the Legislature. Any money in the fund available for investment
16 shall be invested by the state investment officer pursuant to
17 the Nebraska Capital Expansion Act and the Nebraska State Funds
18 Investment Act. Any amounts in a subfund for a particular year for
19 reimbursing car tax reduction credits may be reappropriated to a
20 subfund for a later year after all obligations of that subfund for
21 the prior year have been met.

22 Sec. 4. (1) For 2010, the amount of relief granted under
23 the Car Tax Reduction Act shall be fifty million dollars. It is
24 the intent of the Legislature to fund the act after 2010 using
25 available excess revenue. The relief shall be distributed in the

1 form of a motor vehicle tax credit which appears on the notice of
2 the amount of tax due required in section 60-3,186.

3 (2) To determine the amount of credit, the Director of
4 Motor Vehicles shall, by each October 1, estimate the amount of
5 taxes which will be levied on all passenger cars as defined in
6 section 60-345 and trucks as defined in section 60-356 registered
7 for three tons or less during the following calendar year.

8 (3) The director shall divide the money in the subfund of
9 the Car Tax Reduction Fund that is attributable to that year by the
10 estimate made in subsection (2) of this section. The result is the
11 percentage of credit for such passenger cars and trucks during the
12 following calendar year.

13 (4) The director shall certify the percentage of credit
14 and notify each county treasurer or designated county official by
15 October 15.

16 (5) To determine the amount of credit allowed for any
17 such passenger car or truck, the county treasurer or designated
18 county official shall multiply the percentage of credit certified
19 by the director by the motor vehicle tax otherwise due under
20 section 60-3,187. The amount of credit shall be shown on the notice
21 of the amount of tax due required by section 60-3,186 with the
22 statement "State-funded credit under the Car Tax Reduction Act".

23 (6) The county treasurer or designated county official
24 shall total the amount of credits allowed on registrations each
25 month and certify the amount to the State Treasurer by the tenth

1 of the following month. The State Treasurer shall reimburse one
2 hundred percent of the certified credits from the appropriate
3 subfund of the Car Tax Reduction Fund by the twenty-fifth of that
4 month.

5 Sec. 5. Section 60-3,186, Revised Statutes Cumulative
6 Supplement, 2008, is amended to read:

7 60-3,186 (1) The county treasurer or designated county
8 official shall annually determine the motor vehicle tax on each
9 motor vehicle registered in the county based on the age of the
10 motor vehicle pursuant to section 60-3,187 and the amount of credit
11 under the Car Tax Reduction Act and cause a notice of the amount of
12 the tax to be mailed to the registrant at the address shown upon
13 his or her registration certificate. The notice shall be printed
14 on a form prescribed by the department and shall be mailed on or
15 before the first day of the last month of the registration period.

16 (2)(a) The motor vehicle tax reduced by any credit
17 provided under the Car Tax Reduction Act, motor vehicle fee,
18 registration fee, sales tax, and any other applicable taxes and
19 fees shall be paid to the county treasurer or designated county
20 official prior to the registration of the motor vehicle for
21 the following registration period. If the motor vehicle being
22 registered has been transferred as a gift or for a nominal amount,
23 any sales tax owed by the transferor on the purchase of the motor
24 vehicle shall have been paid or be paid to the county treasurer or
25 designated county official prior to the registration of the motor

1 vehicle for the following registration period.

2 (b) After retaining one percent of the motor vehicle
3 tax proceeds collected and of any reimbursement received by the
4 county under the Car Tax Reduction Act for costs, the remaining
5 motor vehicle tax proceeds shall be allocated to each county,
6 local school system, school district, city, and village in the tax
7 district in which the motor vehicle has situs.

8 (c) (i) Twenty-two percent of the remaining motor vehicle
9 tax proceeds shall be allocated to the county, (ii) sixty percent
10 shall be allocated to the local school system or school district,
11 and (iii) eighteen percent shall be allocated to the city or
12 village, except that (A) if the tax district is not in a city or
13 village, forty percent shall be allocated to the county, and (B)
14 in counties containing a city of the metropolitan class, eighteen
15 percent shall be allocated to the county and twenty-two percent
16 shall be allocated to the city or village.

17 (d) The amount allocated to a local school system shall
18 be distributed to school districts in the same manner as property
19 taxes.

20 (3) Proceeds from the motor vehicle tax and any
21 reimbursement received under the Car Tax Reduction Act shall
22 be treated as property tax revenue for purposes of expenditure
23 limitations, matching of state or federal funds, and other
24 purposes.

25 Sec. 6. Section 79-1018.01, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2 79-1018.01 Except as otherwise provided in this section,
3 local system formula resources include other actual receipts
4 available for the funding of general fund operating expenditures
5 as determined by the department for the second school fiscal
6 year immediately preceding the school fiscal year in which aid
7 is to be paid. Receipts from the Community Improvements Cash Fund
8 and receipts acquired pursuant to the Low-Level Radioactive Waste
9 Disposal Act shall not be included. Other actual receipts include:

10 (1) Public power district sales tax revenue;

11 (2) Fines, penalties, and license money distributed in
12 accordance with article VII, section 5, of the Constitution of
13 Nebraska; and license fees;

14 (3) Tuition receipts from individuals, other districts,
15 or any other source except receipts derived from adult education,
16 receipts derived from summer school tuition, receipts derived from
17 early childhood education tuition, and receipts from educational
18 entities as defined in section 79-1201.01 for providing distance
19 education courses through the Distance Education Council until July
20 1, 2008, and the Educational Service Unit Coordinating Council on
21 and after July 1, 2008, to such educational entities;

22 (4) Transportation receipts;

23 (5) Interest on investments;

24 (6) Other miscellaneous noncategorical local receipts,
25 not including receipts from private foundations, individuals,

1 associations, or charitable organizations;

2 (7) Special education receipts;

3 (8) Special education receipts and non-special education
4 receipts from the state for wards of the court and wards of the
5 state;

6 (9) All receipts from the temporary school fund.
7 Beginning with the calculation of aid for school fiscal year
8 2002-03 and each school fiscal year thereafter, receipts from
9 the temporary school fund shall only include receipts pursuant
10 to section 79-1035 and the receipt of funds pursuant to section
11 79-1036 for property leased for a public purpose as set forth in
12 subdivision (1)(a) of section 77-202;

13 (10) Motor vehicle tax receipts ~~received on or after~~
14 January 1, 1998, and any reimbursement received under the Car Tax
15 Reduction Act;

16 (11) Pro rata motor vehicle license fee receipts;

17 (12) Other miscellaneous state receipts excluding revenue
18 from the textbook loan program authorized by section 79-734;

19 (13) Impact aid entitlements for the school fiscal year
20 which have actually been received by the district to the extent
21 allowed by federal law;

22 (14) All other noncategorical federal receipts;

23 (15) All receipts pursuant to the enrollment option
24 program under sections 79-232 to 79-246;

25 (16) Receipts under the federal Medicare Catastrophic

1 Coverage Act of 1988, as such act existed on May 8, 2001, as
2 authorized pursuant to sections 43-2510 and 43-2511 but only to the
3 extent of the amount the local system would have otherwise received
4 pursuant to the Special Education Act; and

5 (17) Receipts for accelerated or differentiated
6 curriculum programs pursuant to sections 79-1106 to 79-1108.03.

7 Sec. 7. Original section 79-1018.01, Reissue Revised
8 Statutes of Nebraska, and section 60-3,186, Revised Statutes
9 Cumulative Supplement, 2008, are repealed.