

ONE HUNDRED NINTH LEGISLATURE - SECOND SESSION - 2026
COMMITTEE STATEMENT
LB714

Hearing Date: Tuesday March 04, 2025
Committee On: Transportation and Telecommunications
Introducer: Clements
One Liner: Change provisions relating to motor vehicle taxes and fees

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	5	Senators Moser, Ballard, Bosn, Brandt, Storer
Nay:	3	Senators DeBoer, Guereca, Fredrickson
Absent:		
Present Not Voting:		

Testimony:

Proponents:

Senator Robert Clements
Candace Meredith

Representing:

Opening Presenter
Nebraska Association of County Officials

Opponents:

Kyle Fairbairn
Liz Standish
Heather Shepard

Representing:

Greater Nebraska Schools Association
Lincoln Public Schools
Elkhorn Public Schools and Nebraska Council of School Administrators

Neutral:

Lash Chaffin

Representing:

League of Nebraska Municipalities

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB714 alters the motor vehicle tax and fee structure, allowing for potential tax reductions elsewhere in Nebraska code. It changes allocations of the taxes and fees and alters base rates and multipliers. The motor vehicle tax schedule is altered, creating new, incremental categories for vehicles valued over \$100,000 when new. It details how fees are to be distributed between counties and municipalities.

Explanation of amendments:

AM2394 continues to refine the changes to Nebraska's motor vehicle taxes and fees. It creates the Motor Vehicle Fee Fund and describes how the fees deposited into the fund are to be distributed, including school systems and districts as potential recipients of new motor vehicle tax supplements (Sections 6 and 12). It allows county treasurers the ability to retain a small percentage of the funds to offset costs incurred (Section 6). Finally, it mandates that the



Department of Motor Vehicles review quarterly the motor vehicle tax supplements and provide a report to the State Treasurer indicating these supplements (Section 6).

Vote to amend LB714 with AM2394:

Yes: 5 Ballard, Bosn, Brandt, Moser, Storer

No: 3 DeBoer, Guereca, Fredrickson

Absent not voting: 0

Section by Section

Section 1 – Amends section 13-518 – Adds cross references to sections 8, 11, and 12 of the amendment to define the meaning of state aid to counties.

Section 2 – Amends section 13-3402 – Adds cross references to section 12 of the amendment to define the meaning of state aid to cities and villages.

Section 3 – Amends section 60-301 – Sections 5, 8, 11, and 12 of the current act will be codified in the Motor Vehicle Registration Act.

Section 4 – Amends section 60-3,184 – Defines the terms automobiles, motor vehicles, motor vehicle fess, motor vehicle taxes, and registration periods for purposes of sections 5, 8, 11, and 12 of the amendment.

Section 5 - It is the intent of the Legislature that the Appropriations Committee and the Transportation and Telecommunications committee must review the economic forecasting in the year 2028 and, in consultation with the DMV, analyze if there is money available to implement the changes described in this act.

Section 6 – Amends section 60-3,186 - The DMV must utilize section 8 of this act in reviewing the motor vehicle tax on each motor vehicle registered in the state. After July 1, 2028, the tax and fee structure related to motor vehicles changes. The county treasurer will retain two percent of motor vehicle tax proceeds for costs they incur. The county treasurer will transfer one and two-tenths of one percent of motor vehicle tax proceeds to the State Treasurer to be credited to the Vehicle Title and Registration System Replacement and Maintenance Cash Fund. For school districts in cities of the metropolitan class, twenty-six percent of the remaining motor vehicle tax proceeds will go to the county, forty-eight percent to the local school system or school district, and twenty-six percent to the city. If the tax district is in a village or a city not of the metropolitan class, thirty-one and one-half of one percent of the remaining proceeds will go to the county, forty-eight percent to the local school system or school district, and twenty and one half of one percent to the city or village. If the tax district is not of the previous classes, fifty-two percent of the remaining proceeds will go to the county and forty-eight percent to the local school system or school district.

Beginning in October of 2028, on or before the twentieth day of January, April, July, and October, the DMV must calculate the motor vehicle tax supplement to be allocated to each local school system or district from the General Fund. The supplement must equal forty and eight-tenths of one percent of the motor vehicle tax allocated to the system or district for the preceding three months. It must also provide a report to the State Treasurer indicating the amount of the supplement to be allocated to the system or district. Within five days of receiving the report, the State Treasurer must allocate the supplements indicated in the report.

Beginning in FY 2028 and FY 2029, it is the intent of the Legislature to appropriate money from the General Fund to pay the calculated motor vehicle tax supplements.

Section 7 – Amends section 60-3,187 – The current motor vehicle tax schedules apply until July 1, 2028.



Section 8 – Beginning July 1, 2028, the motor vehicle tax schedules are amended. The base rate tax categories for automobiles, autocycles, and motorcycles, calculated using the vehicle’s value when new, are extended. Now, instead of the maximum base tax being capped at a value of \$100,000 or more, new categories are created in incremental values up to a maximum rate at \$200,000 or more. The fractions used to calculate motor vehicle taxes are also amended, with vehicles fourteen years and older now using a rate of .02 instead of being taxed at \$0. Base taxes for other types of motor vehicles are also changed.

Section 9 – Amends section 60-3,188 – Beginning July 1, 2028, Section 8 of this act is to be used when the DMV determines the value of new vehicles.

Section 10 -Amends section 60-3,190 - Provides new motor vehicle fees for vehicles purchased after July 1, 2028.

Section 11 – County treasurers will now retain one percent of collected motor vehicle fees. The remaining proceeds will be remitted to the State Treasurer for credit to the Motor Vehicle Fee Fund.

Section 12 – Creates the Motor Vehicle Fee Fund. Prior to July 1, 2028, the State Treasurer will distribute proportionally, based on allocations from the Highway Allocation Fund, fifty percent of the Motor Vehicle Fee funds to county treasurers and fifty percent to the treasurers of municipalities. After July 1, 2028, seventy-two percent of the funds will go to the counties, and twenty-eight percent to municipalities. Funds must be used for road, bridge, and street purposes.

Section 13 Amends section 79-1018.01 – Adds penalties and license money to the receipts distributed in accordance with Article VII, section 5 of the Nebraska Constitution and adds motor vehicle tax supplements to local receipts.

Section 14 - Repealer

Mike Moser, Chairperson

