

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		(\$12,900)		(\$12,900)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$12,900)		(\$12,900)

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

LB 325 creates an exemption to motor vehicle tax for one motor vehicle used for personal use by:

- A veteran (1) with a 100% service-connected disability compensation rate recognized by the U.S. Department of Veterans Affairs and payable under federal law and (2) who was discharged or otherwise separated with a characterization of honorable; or
- A recipient of dependency and indemnity compensation paid by the U.S. Department of Veterans Affairs.

To receive the exemption, the individual must have an application for exemption approved.

This bill is not estimated to have an impact to General Fund Revenue or cost to implement.

The Department of Motor Vehicles estimates a reduction in Cash Funds, assuming approximately 4,300 disabled veterans who claim the homestead exemption also apply for the exemption in LB 325. There will also be a reduction in revenue to counties, cities, and school districts in proportion to the distribution formula in section 60-3,186. DMV estimates the total reduction in revenue to these political subdivisions is estimated to be \$1.35 million per fiscal year. These estimates seem reasonable.

A reduction in motor vehicle tax revenue to school districts will result in an increase in state General Fund expenditures pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA) beginning in FY 21-22 of approximately \$600,000 per year.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 325	AM:	AGENCY/POLT. SUB: Department of Motor Vehicles	
REVIEWED BY: Lee Will	DATE: 1/25/2019	PHONE: (402) 471-4175	
COMMENTS: Concur with the Department of Motor Vehicles' assessment of fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 325	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue	
REVIEWED BY: Lucas Martin	DATE: 2/6/2019	PHONE: (402) 471-4181	
COMMENTS: Concur with the Department of Revenue's assessment of no fiscal impact to the agency.			
There may be an impact to the TEEOSA formula, given the exemptions of the motor vehicle tax outlined in the bill. A large portion of motor vehicle tax proceeds are allocated to counties, local school systems, cities, and villages.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 325 AM: AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)

REVIEWED BY: Lee Will DATE: 1/23/2019 PHONE: (402) 471-4175

COMMENTS: No basis to disagree with the NACO's assessment of fiscal impact.

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 325

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 23, 2019 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(12,900)	_____	(12,900)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	(1,337,300)	_____	(1,337,300)
TOTAL FUNDS	=====	(1,350,200)	=====	(1,350,200)

Explanation of Estimate:

Passage of this legislation would cause a loss of revenue to numerous entities. The average Motor Vehicle Tax collected is \$300, and Registration Fees total \$14. These taxes are distributed to the DMV (1% Motor Vehicle Tax), the remaining 99% is split between counties, cities, villages, and schools.

The revenues shown in the Cash Fund represent the amount of DMV revenue lost, all other lost revenue is shown in Other Funds. There are approximately 4300 100% disabled veterans who claim Homestead Exemptions annually. The calculations for the fiscal note are also based on this number of veterans.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20 EXPENDITURES</u>	<u>2020-21 EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 325

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/17/2019 Phone: ⁽⁵⁾ (402) 434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</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:

Twenty-two percent of the motor vehicle tax proceeds less exemptions are distributed to the county. An additional exemption for certain veterans of the US Armed Forces with a one hundred percent service-connected disability compensation rate and dependency and indemnity compensation recipients approved by the Legislature would result in a reduction in taxes received by the counties.

The potential reduction in tax receipts to a county is unknown.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____