

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		(\$240,833)		(\$589,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$240,833)		(\$589,000)

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

Overall, LB82 will decrease the amount of funding from the motor vehicle tax (starting in FY22) that flows to the Department of Motor Vehicles (DMV), Counties, Local Government, and Local School Systems. In FY22 this total amount amongst the entities is estimated to be \$24,083,333 and in FY23 this amount is \$58,900,000. Additionally, starting in FY24 there will be increase General Fund expenditures. In FY24 the estimated increase in General Fund expenditure increase is \$8,415,957 and \$25,053,772 in FY25. Details of the impact of the bill are detailed below.

LB82 changes the multiplying factor that corresponds with a vehicle age that is used to arrive at the annual motor vehicle tax amount paid when a vehicle is registered. The table below details the changes.

Year	Current Multiplier	Proposed Multiplier	Change	% Change
1st	1.00	0.90	(0.10)	-10.00%
2nd	0.90	0.80	(0.10)	-11.11%
3rd	0.80	0.70	(0.10)	-12.50%
4th	0.70	0.60	(0.10)	-14.29%
5th	0.60	0.45	(0.15)	-25.00%
6th	0.51	0.35	(0.16)	-31.37%
7th	0.42	0.25	(0.17)	-40.48%
8th	0.33	0.20	(0.13)	-39.39%
9th	0.24	0.15	(0.09)	-37.50%
10th & 11th	0.15	0.12	(0.03)	-20.00%
12th & 13th	0.07	0.05	(0.02)	-28.57%
14th and Older	0.00	0.01 or \$1.00	0.01	N/A

Utilizing CY20 registration information for all vehicles in the state of Nebraska, the DMV estimates the total decrease in motor vehicle tax revenue would be \$57,800,000 in FY22 and \$58,900,000 in FY23.

NRS 60-3,186 directs distribution of the motor vehicle taxes based on the vehicles situs as follows in the table below. The final column of the table provides the estimated revenue decrease for each entity who receives a portion of the revenue from the motor vehicle tax. Please also note the FY22 figures are adjusted to account for the January 1, 2022 effective date and a one (1) month lag in tax receipts.

Motor Vehicle Tax Distribution and Estimated Revenue Decrease			
Entity Receiving	Distribution	FY22	FY23
Counties for Costs Incurred	1% of Total	240,833	589,000
DMV VTR Repl. and Maint. Cash Fund	1% of Total	240,833	589,000
Local School System or District	60% of Remaining	14,161,000	34,633,200
Local Government (City, Village, County)*	40% of Remaining	9,440,667	23,088,800

*There are three (3) types of distribution that can occur with regard to Counties and Cities/Villages with the portion remaining after the initial 2% is remitted to the DMV and Counties:

(continued)

- 1) 18% to city or village & 22% to county
- 2) 40% to County - If the tax district is not in a city or village
- 3) 22% to city or village & 18% to county - If the county contains a city of metropolitan class

NRS 60-3,186(d)(3) requires the proceeds from motor vehicle taxes be treated as property tax revenue. The proceeds are considered "other receipts" in the Tax Equity and Educational Opportunities Support Act (TEEOSA) formula. Based on FY18 data, schools receiving equalization aid under TEEOSA received 72.1 percent of the total motor vehicle tax proceeds that were distributed to local school systems or districts. Because there is a potential reduction in receipts to those local school systems or districts that receive equalization aid, there is a corresponding General Fund impact (i.e. increase in General Fund expenditures). To determine the General Fund impact (see table below), the following items were taken into account:

- 1) School Year (September-August) revenue decreases were calculated using the DMV provided projections for school years 2021-22 and 2022-23
- 2) Local School System or District revenue was multiplied by a 0.721 factor.
- 3) Accounted for two (2) year lag in when Motor Vehicle Tax receipts are considered in the TEEOSA formula.

General Fund Increase in Funding for TEEOSA	
FY24	FY25
8,415,957	25,053,772

The DMV expects minimal programming will be required to implement the changes outlined in the bill and that those costs can be absorbed within their existing appropriation.

The Department of Education provided a fiscal note acknowledging the motor vehicle tax is an accountable receipt in the TEEOSA formula and a decrease in the tax would cause an increase in the amount of aid paid out under TEEOSA. However, the agency was unable to determine a fiscal impact.

The City of Grand Island provided a fiscal note indicating an estimated \$240,000 loss annually.

The City of Omaha provided a fiscal note indicating there would be a \$1,500,000 annual revenue loss.

The Nebraska Association of County Officials provided a fiscal note indicating statewide county revenue losses as listed in the table below.

County Revenue Decrease	
CY22	15,283,663
CY23	15,589,336
CY24	15,901,123

The Department of Revenue provided a fiscal note indicating no impact to the agency will be experienced and it is estimated the bill will have no impact on General Fund revenues.

The DMV assisted Lancaster County in calculating revenue losses indicated on the county's fiscal note. The loss in FY22 is estimated to be \$1,942,704 and \$1,981,558 in FY23.

The City of Lincoln provided a fiscal note with estimates of a revenue decrease totaling \$1.14 million each fiscal year.

The counties of Douglas, Sarpy, Dodge, and Box Butte were asked to provide fiscal notes but were unable to do so.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 82	AM:	AGENCY/POLT. SUB: Nebraska Department of Motor Vehicles	
REVIEWED BY:	Lucas Martin	DATE: 01/20/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with Department of Motor Vehicles' assessment of impact to the Vehicle Title and Registration Replacement & Maintenance Fund revenue. As noted by the DMV, there will also be a large impact on state and local receipts as it pertains to Motor Vehicle Tax revenues.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 82	AM:	AGENCY/POLT. SUB: Nebraska Department of Education	
REVIEWED BY:	Lucas Martin	DATE: 01/12/2021	PHONE: (402) 471-4181
COMMENTS: We concur with the assessment of the Nebraska Department of Education that there will be an impact on the TEEOSA formula but it can't be determined what that impact will be to schools or to the state of Nebraska at this time.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 82	AM:	AGENCY/POLT. SUB: City of Omaha	
REVIEWED BY:	Lucas Martin	DATE: 01/22/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the City of Omaha's assessment of a negative fiscal impact on the revenue.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 82	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials	
REVIEWED BY:	Lucas Martin	DATE: 01/19/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with Nebraska Association of County Officials' assessment of significant revenue loss to counties across Nebraska.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 82	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue	
REVIEWED BY:	Lucas Martin	DATE: 01/22/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Revenue's assessment of a no impact to General Fund revenues. However, with the decrease in revenues to local political subdivisions, the state would have to pick up those costs, namely within the TEEOSA formula.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 82	AM:	AGENCY/POLT. SUB: Lancaster County Treasurer	
REVIEWED BY:	Lucas Martin	DATE: 01/22/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Lancaster County Treasurer's assessment of a negative fiscal impact on their revenue.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 82	AM:	AGENCY/POLT. SUB: City of Lincoln	
REVIEWED BY:	Lucas Martin	DATE: 01/22/2021	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the City of Lincoln's assessment of a negative fiscal impact on their revenue.			

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

2021

LB⁽¹⁾ 82

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 15, 2021 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(578,000)	_____	(589,000)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	(578,000)	=====	(589,000)

Explanation of Estimate:

Minimal programming for DMV staff will be required. These costs can be absorbed within existing appropriation.

The major impact to the Department will be a loss of Motor Vehicle Tax revenue which the Department receives 1% for the Vehicle Title and Registration Replacement and Maintenance Fund.

Total FY 2021-22 Decrease Motor Vehicle Tax Revenue	(\$61,130,000)
1% FY 2021-22 Decreased Revenue Vehicles 13 years old and newer	(\$611,300)
Total FY 2021-22 Increase Motor Vehicle Tax Revenue	\$3,330,000
1% FY 2021-22 Increased Revenue Vehicles 14 years old and older	\$ 33,300
Net Decrease in Revenue 1% Motor Vehicle Tax DMV Share	(\$578,000)
Total FY 2022-23 Decrease Motor Vehicle Tax Revenue	(\$62,300,000)
1% FY 2022-23 Decreased Revenue Vehicles 13 years old and newer	(\$623,000)
Total FY 2021-22 Increase Motor Vehicle Tax Revenue	\$3,400,000
1% FY 2022-23 Increased Revenue Vehicles 14 years old and older	\$ 34,000
Net Decrease in Revenue 1% Motor Vehicle Tax DMV Share	(\$589,000)

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2021

LB⁽¹⁾ 82

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NE Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/8/21 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

LB 82 reduces the motor vehicle tax rates which would cause a decrease in the amount of motor vehicle taxes received by school districts. Since motor vehicle tax is an accountable receipt in the TEEOSA formula any decrease in the motor vehicle taxes received will cause an increase in the amount of TEEOSA being paid out to schools. The fiscal impact cannot be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2021

LB⁽¹⁾ 82

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Omaha

Prepared by: ⁽³⁾ Tyler Leimer Date Prepared: ⁽⁴⁾ 1/20/2021 Phone: ⁽⁵⁾ (402) 444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	(1,500,000)	_____	(1,500,000)
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 82 would cause the City of Omaha to lose approximately 10% of the property tax now collected on cars due to the new rates provided in the introduced bill.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22 EXPENDITURES</u>	<u>2022-23 EXPENDITURES</u>
	<u>21-22</u>	<u>22-23</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2021

LB⁽¹⁾ 82

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/11/2021 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

LB 82 would change motor vehicle tax schedules by reducing the fraction which corresponds the age category of the vehicle from years one to thirteen. Overall, the reduction equates to \$1.16 for those years but it increases the amount from 0 to .01 or \$1.00 whichever is greater for the fraction used for fourteen and older vehicles. The fiscal impact to counties is likely noteworthy due to the difference in the current schedule and the proposed schedule within LB 82.

Calculations show counties would have estimated reduced collections of the following amounts between 2022 and 2024:

Year	Estimated Reduction in Motor Vehicle Taxes Received by Counties
2022	\$15,283,663.16
2023	\$15,589,336.43
2024	\$15,901,123.16

Passage of LB 82 would result in a significant loss of revenue to counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2021

LB⁽¹⁾ 82

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Treasurer

Prepared by: ⁽³⁾ Kristen Anderson Date Prepared: ⁽⁴⁾ January 20, 2021 Phone: ⁽⁵⁾ 402-441-7409

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	-\$1,942,703.67	_____	-\$1,981,557.74
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

This proposed reduction in fees would result in an estimated 18.4% reduction in motor vehicle tax collections. The estimated collections for 2022-2023 were multiplied by 18.4% to calculate the potential loss in revenue.

In 2022, the estimated loss for the Lancaster County Allocation from motor vehicle tax collections is \$1,942,703.67 with a specific loss of commissions due to the Lancaster County Treasurer of \$83,039.28. In 2023 the estimated loss for the Lancaster County Allocation is \$1,981,557.74 with a loss of commission to the Lancaster County Treasurer of \$83,680.06. The Nebraska Department of Motor Vehicles assisted with this calculation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2021

LB⁽¹⁾ 82

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ James Van Bruggen Date Prepared: ⁽⁴⁾ 1/21/21 Phone: ⁽⁵⁾ 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

The estimated revenue decrease for the City of Lincoln is \$1.14 million.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2021

LB⁽¹⁾ 82

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Grand Island

Prepared by: ⁽³⁾ Patrick Brown Date Prepared: ⁽⁴⁾ 01/11/2021 Phone: ⁽⁵⁾ 308-385-5444x169

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	(\$240,000)	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: Grand Island's estimated loss of revenue for Motor Vehicle Tax is \$240,000 or 20.3% annually. Below is an example of buying a new car for \$20,000, keeping it for 14 years and what the comparison is from current structure to proposed structure. This percentage of loss is consistent no matter the purchase price of the vehicle.

Car Purchase	Proposed	Current	
\$ 20,000	270	300	
	240	270	
	210	240	
	180	210	
	135	180	
	105	153	
	75	126	
	60	99	
	45	75	
	72	90	
	30	42	
	\$ 1,422	\$ 1,785	\$ (363)
			-20.3%

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====