

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				
CASH FUNDS		(\$236)		(\$472)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$236)		(\$472)

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

LB1149 amends §60-3,185 to stipulate that one motor vehicle per household registered with Gold Star Family plates under \$60,122.02, shall qualify for a motor vehicle tax exemption as prescribed. This bill allows the Nebraska Department of Motor Vehicles (DMV) to set rules and regulations necessary for carrying out LB1149. The operative date of this bill is January 1, 2025.

Revenues:

The DMV has stated that the motor vehicle tax collected during the 2023 calendar year from the 245 Gold Star Family Plate holders was \$47,200. Using this number, the total revenue loss from eliminating the motor vehicle tax on one vehicle per Gold Star Family Plate household would be as follows:

		ANNUAL REVENUE LOSS - ESTIMATED		FY2024-25	FY2025-26
2% of MV Tax Collected	County Treasurer (1% of the MV Tax collected for costs incurred) Revenue Loss	\$	(236)	\$	(472)
	DMV Vehicle Title & Registration System Replacement & Maintenance Fund (1% of MV Tax) Revenue Loss	\$	(236)	\$	(472)
98% of MV Tax Collected	County General Fund (22% of the MV Tax) Revenue Loss	\$	(5,088)	\$	(10,176)
	Local School District/System (60% of the MV Tax) Revenue Loss	\$	(13,877)	\$	(27,754)
	Cities / Villages (18% of the MV Tax) Revenue Loss	\$	(4,163)	\$	(8,326)
Total Revenue Loss est.		\$	(23,600)	\$	(47,200)

The motor vehicle tax proceeds are allocated based on where the motor vehicle has situs. The exceptions to the above chart of revenue losses (utilizing the full fiscal year of FY2025-26 as an example) would be:

- If the tax district is not in a city/village: then 40% or a (\$18,502) revenue loss would be incurred by the County General Fund;
- Whereas, in a county with a city of the metropolitan class: then 18% or (\$8,326) would be a loss to the County General Fund, and 22% or (\$10,176) would be a loss of revenue to the city/village; and
- In both of these exceptions, the 60% loss to Local School District/Systems remains the same as the chart above.

Additionally, there would be a revenue loss to the Motor Vehicle Fee Fund. These fees range from \$5 to \$30 and are based on the age of the vehicle and value (MSRP) when the vehicle was new. Using the average of \$17.50 for the fee, the total revenue loss would be \$2,144 in FY2024-25, and \$4,288 in FY2025-26. These revenue losses are distributed as follows:

		MV FEE FUND ANNUAL REVENUE LOSS - ESTIMATED	FY2024-25	FY2025-26
1% of MV Fee	County Treasurer (1% of the collected for costs incurred) Revenue Loss		\$ (21)	\$ (43)
99% of MV Fee	County General Fund (50% of the MV Fee) Revenue Loss		\$ (1,061)	\$ (2,122)
	Municipality (50% of the MV Fee) Revenue Loss		\$ (1,061)	\$ (2,122)
		Total Revenue Loss est.	\$ (2,144)	\$ (4,288)

The DMV has estimated a \$236 revenue loss in DMV Vehicle Title and Registration System Replacement and Maintenance Funds for FY2024-25, and a \$472 revenue loss in FY2025-26. There is no basis to disagree with the DMV's anticipated revenue loss.

The Nebraska Department of Revenue has estimated no fiscal impact from this bill. There is no basis to disagree.

*Note: The bill would cause a loss of proceeds from motor vehicle taxes, which would be treated as property tax revenue loss (" other receipts") in the Tax Equity and Educational Opportunities Support Act (TEEOSA) formula. This revenue loss to the school districts would be extremely small and not cause changes to the outcomes calculated within TEEOSA.

*Note: The distributed loss of revenue from the motor vehicle fees to the counties and municipalities, is in the same proportion as the most recent allocation received by each from the Highway Allocation Fund. These funds are considered local revenue for matching state sources, and are used for roads, bridges, and street purposes.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1149	AM:	AGENCY/POLT. SUB: Motor Vehicles	
REVIEWED BY: Joe Massey	DATE: 1/23/2024	PHONE: (402) 471-4181	
COMMENTS: Motor Vehicles assessment of fiscal impact from LB 1149 appears reasonable using the assumptions provided			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1149	AM:	AGENCY/POLT. SUB: : Department of Revenue	
REVIEWED BY: Joe Massey	DATE: 2/27/2024	PHONE: (402) 471-4181	
COMMENTS: Department of Revenue's assessment of no net fiscal impact from LB1149 appears reasonable.			

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2024

LB⁽¹⁾ 1149 (Amended)

FISCAL NOTE

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

Prepared by: ⁽³⁾ Rhonda Lahm Date Prepared: ⁽⁴⁾ February 27, 2024 Phone: ⁽⁵⁾ 402-471-3900

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	_____	(236)	_____	(472)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>(236)</u>	<u>_____</u>	<u>(472)</u>

Explanation of Estimate:

Currently there are 245 Gold Star Family Plates registered in the State of Nebraska. The motor vehicle tax collected for these vehicles during 2023 was \$47,200. The revenue noted above is the impact to the DMV DVR Modernization Fund. This \$47,200 revenue loss will also have impact on cities, counties, schools and the motor vehicle fee fund, which is in addition to the \$47,200. Those amounts are not shown in this fiscal note.

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.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

