PREPARED BY: Shelly Glaser
DATE PREPARED: January 28, 2026
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LB 756

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	(20,000)	0	0	(20,000)
FY2027-2028	0	(40,000)	0	0	(40,000)
FY2028-2029	0	(40,000)	0	0	(40,000)

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

LB756 would adjust Nebraska §60-3,185 to add a surviving spouse of a disabled or blind veteran; if the veteran would have qualified for a motor vehicle tax exemption under Nebraska §60-3,185(2)(a) at the time of the veteran's death, and the surviving spouse has not remarried. The qualification for the motor vehicle tax exemption under Nebraska §60-3,189(1) would also be amended to be 'a person' who qualifies, instead of 'a veteran of the United States Armed Forces' who qualifies.

Additionally, this bill would modify Nebraska §77-202.24 to add a surviving spouse of a disabled or blind veteran; if the veteran would have qualified for mobile home property tax exemption under Nebraska §77-202.24(1) at the time of the veteran's death, and the surviving spouse has not remarried.

This bill would become operative on January 1, 2027.

Expenditures:

The Nebraska Department of Revenue (NDOR) has specified insignificant expenses for the implementation of this bill.

Revenues:

The Nebraska Department of Motor Vehicles (DMV) has estimated around 10,000 surviving spouses of disabled or blind veterans would likely take advantage of the proposed motor vehicle tax exemption, with an average savings of $400 each. This would equate to a total revenue loss overall of $4,000,000 each year. This revenue loss would impact the DMV's Vehicle Title and Registration System Replacement and Maintenance Cash Fund (VTR) which receives a 1% of the motor vehicle tax collected. The remaining loss would be allocated to the municipalities and schools. Due to the operative date of this bill being January 1, 2027, the FY2026-27 should only be a half year's loss, with a full year's loss beginning with FY2027-28.

LFO has estimated the impact of the revenue loss to the DMV, the counties and cities, and the schools in the table below:

LFO's Estimated MV Tax Revenue Losses	**FY2026-27**	**FY2027-28**
DMV Vehicle Title Registration Modernization Fund (1%)	$(20,000)	$(40,000)
Motor Vehicle Tax - Commission to County (1%)	$(20,000)	$(40,000)
Motor Vehicle Tax - Cities and Counties (40% of remainder)	$(784,000)	$(1,568,000)
Motor Vehicle Tax - Schools (60% of remainder)	$(1,176,000)	$(2,352,000)
Total Loss of MV Tax Proposed	$(2,000,000)	$(4,000,000)

The Motor Vehicle Tax proceeds are distributed as follows:

- 1% to the County Treasurer;
- 1% to the DMV's VTR Cash Fund;
- 22% to the County in which the motor vehicle has situs;
- 60% to the local school system or school district in which the motor vehicle has situs; and
- 18% to the city or village in which the motor vehicle has situs, with the following exceptions:
    - If the tax district is not in a city or village, then 40% is allocated to the county; and
    - If the county contains a city of the metropolitan class, then 18% is allocated to the county, with 22% to the city or village.

Note, in the LFO table above, the 40% loss of revenue is reflected fully to the cities and counties, as the LFO does not know where the motor vehicles will have situs to further distribute the 18% in the table.

The LFO is anticipating the reduction shown for motor vehicle taxes going to school districts, will lower their incoming revenue, and thus cause more Tax Equity and Educational Opportunities Support Act (TEEOSA) formula funding to be needed for equalized schools. This is due to the fact that NE §60,3-186 requires the proceeds from motor vehicle taxes be treated as property tax revenue, which is considered as "other receipts" in the TEEOSA formula. The actual impact amounts to the state for this drop in motor vehicle tax going to schools cannot be determined at this time. However, a reduction in the incoming tax revenue for schools of $1,176,000 in FY2026-27 and a reduction of $2,352,000 in FY2027-28 would create an increase in General Funds needed from the state for TEEOSA calculations beginning in FY2028-29. This could cause an increase in property taxes levied for school funding. Additionally, surviving spouse of disabled veterans and blind veterans qualifying for mobile home property tax exemptions, would correspond with a reduction in the property taxes levied in some political subdivisions. This revenue loss to the political subdivisions is indeterminate at this time.

The Nebraska Association of County Officials (NACO)) is estimating a range of possible revenue loss of between $95,000 and $270,000 Cash Fund revenue loss per year. The NACO estimates has indicated a different number of potential surviving spouses than the DMV's estimate. Also, NACO's estimate has varying MSRPs of the vehicles from which the motor vehicle tax would be based, along with the age of the vehicle.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 756 AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang	DATE: 1/27/2026	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 756 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 756 AM:	AGENCY/POLT. SUB: Department of Motor Vehicles (DMV)	
REVIEWED BY: Ryan Yang	DATE: 1/16/2026	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the DMV assessment of negative fiscal impact from LB 756.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 756 AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)	
REVIEWED BY: Ryan Yang	DATE: 1/13/2026	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the NACO assessment of negative fiscal impact from LB 756.		

Please complete ALL (5) blanks in the first three lines. **2026**

LB(1) 756 **FISCAL NOTE**

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

Prepared by: (3) Bart Moore **Date Prepared: (4)** 1/12/2026 **Phone: (5)** 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		(40,000)		(40,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(40,000)		(40,000)

Explanation of Estimate:

This legislation will reduce Motor Vehicle Tax collections for the state. The impact to the Department will be a reduction of revenue from these tax collections for the Vehicle Title and Registration Modernization project that receives 1% of these funds.

The DMV estimates 10,000 surviving spouses at $400 average Motor Vehicle Tax. The total Motor Vehicle Tax will be reduced by $4,000,000. The 1% applicable amount will result in a $40,000 reduction to the Vehicle Title and Registration Fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS 26-27	27-28	2026-27 EXPENDITURES	2027-28 EXPENDITURES
Benefits……………………………………………				
Operating………………………………………….				
Travel………………………………………………				
Capital outlay…………………………………..				
Aid……………………………………………………				
Capital improvements………………………..				
TOTAL…………………………………………				

LB 756 — Fiscal Note 2026

State Agency Estimate

State Agency Name: Department of Revenue			Date Due LFO:
Approved by: James R. Kamm	Date Prepared:	01/26/2026	Phone: 471-5896

	FY 2026-2027		FY 2027-2028		FY 2028-2029	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		$ 0		$ 0		$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		$ 0		$ 0		$ 0

LB 756 amends Neb. Rev. Stat. §§ 60-3,185, 60-3,189 and 77-202.24 to add a surviving spouse of a disabled veteran or blind veteran to the motor vehicle and property tax exemptions. This bill contains the following changes:

Section 60-3,187 is being amended to add a surviving spouse of a disabled veteran or blind veteran if such veteran would have qualified for the exemption under subdivision (2)(a) of this section at the time of death of such veteran and such surviving spouse has not remarried.

Section 60-3,189 is being amended to change “veteran of the United States Armed Forces” to “person”.

Section 77-202.24 is being amended to add a surviving spouse of a disabled veteran or blind veteran if such veteran would have qualified for the exemption under subdivision (1) of this section at the time of death of such veteran and such surviving spouse has not remarried.

It is estimated that LB 756 will have no impact on the General Fund revenues.

It is estimated that there will be minimal costs to the Department of Revenue to implement this bill.

The operative date for this bill is January 1, 2027.

Major Objects of Expenditure

Class Code	Classification Title	26-27 FTE	27-28 FTE	28-29 FTE	26-27 Expenditures	27-28 Expenditures	28-29 Expenditures
Benefits							
Operating Costs							
Travel							
Capital Outlay							
Capital Improvements							
Total							

Please complete ALL (5) blanks in the first three lines. **2026**

LB (1) 756 **FISCAL NOTE**

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

Prepared by: (3) Elaine Menzel Date Prepared: (4) 1/13/2026 Phone: (5) 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB756 would modify a motor vehicle tax exemption and a property tax exemption relating to certain disabled veterans.

First, the number of newly eligible surviving spouses was estimated by using VA Dependency and Indemnity Compensation (DIC) recipients as a proxy for surviving spouses of disabled or blind veterans. Nebraska has roughly 3,000 surviving spouses when the most recent VA state-level DIC data are scaled to current national totals, and approximately 85% are assumed not remarried (based on data from the American Community Survey, although this figure probably overestimates remarriage, thereby underestimating the number of eligible individuals), yielding about 2,600 eligible surviving spouses (VA State Summaries; VA FY2022 DIC beneficiary data). Second, although the actual figure could be lower, we will assume 100% of surviving spouses will take the exemption, meaning each eligible surviving spouse exempts one motor vehicle. Next, we estimated the average motor vehicle tax using a likely vehicle profile for this population (e.g., a mid-range vehicle originally valued around $30,000 in its later registration years), resulting in an annual motor vehicle tax of roughly $165 (Nebraska motor vehicle tax schedule).

Finally, it was estimated that 22% of motor vehicle tax revenue goes to counties, producing an initial county revenue loss of about $36 per exempt vehicle per year, or approximately $95,000 annually statewide when multiplied across all eligible surviving spouses. However, if we were to use a higher-cost vehicle model (for example, one with an original value of approximately $45,000 and in a mid-range registration year), then the applicable Nebraska motor vehicle tax would be roughly $468 per year under the statutory valuation schedule (Nebraska motor vehicle tax schedule). Applying the same 22% county share, the county portion of the tax would be approximately $103 per vehicle annually. Multiplying this amount by the estimated 2,600 eligible surviving spouses yields a statewide county revenue impact of approximately $270,000 per year. In sum, the total estimated revenue loss to all counties is estimated to be between $95,000 and $270,000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS 26-27	27-28	2026-27 EXPENDITURES	2027-28 EXPENDITURES
Benefits......................................				
Operating....................................				

Travel………………………………………..		
Capital outlay…………………....…………..		
Aid…………………………………………...		
Capital improvements……………………...		
TOTAL……………………………….….		