

Update to reflect new information.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		(5,854)		(5,854)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(5,854)		(5,854)

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

LB 842 eliminates the requirement that a servicemember or their spouse be a resident of a state other than Nebraska in order to be granted an exception under NRS 60-3,185(4) to paying the motor vehicle tax.

The Nebraska National guard estimates there are 588 Active Guard Reserves that are required to reside in the state of Nebraska. Additionally, representatives of Offutt Airforce Base in Bellevue have indicated there are an estimated 450 Active duty individuals who register their vehicles in Nebraska. For the purposes of this fiscal note, the total of Guard and Air Force members will be used with the DMV assumptions that the: 1) average motor vehicle tax collected per registered vehicle is \$300 per year, and; 2) The average household owns 1.88 vehicles. Based on these assumptions the total loss of revenue is estimated to be **\$585,432**. Pursuant to 60-3,186, which directs distribution of the motor vehicle taxes based on the vehicles situs, the following entities would have an estimated reduced annual revenue in following amounts:

Motor Vehicle Tax Distribution - Estimated Revenue Decrease		
Entity Receiving	Distribution	Estimated Amount
Counties for Costs Incurred	1% of Total	\$5,854
DMV VTR Repl. and Maint. Cash Fund	1% of Total	\$5,854
Local School System or District	60% of Remaining	\$344,234
Local Government (City, Village, County)*	40% of Remaining	\$229,489

*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 percent is remitted to the DMV and Counties and 60 percent of the remaining is distributed to the local school system or district:

- 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

The Department of Education provided a fiscal note indicating no impact is present as it relates to their agency. However, they did indicate that a slight increase in the cost of funding the Tax Equity and Educational Opportunities Support Act (TEEOSA) would be seen but that it is expected to be minimal.

If it is assumed that all vehicles have situs in a tax district where equalization aid under TEEOSA is provided to the school district, there would be a General Fund expenditure increase that corresponds with the decrease in motor vehicle taxes paid to local school systems or districts starting in FY23. Using the estimate above, the General Fund impact would be \$344,234 each fiscal year.

The Department of Revenue provided a fiscal note (see attached) indicating no estimated impact on General Fund revenues or to the Department for implementation. There is no basis to disagree.

The City of Lincoln has provided a fiscal note (see attached) indicating a reduction in revenue in the amount of \$160,000 (this was clarified with the city as the fiscal note provided does not address revenue/expenditure or decrease/increase). As the situs of vehicles is unknown, the estimate may not be accurate.

Sarpy County has provided a fiscal note (see attached) detailing estimated revenue decreases. As the situs of the vehicles is unknown, the estimates may not be accurate.

The Lancaster County Treasurer provided a fiscal note (see attached) indicating a fiscal impact is unable to be estimated as it is unknown how many active duty personal reside in the county. There is no basis to disagree.

The City of Bellevue provided a fiscal note (see attached) where clarification was needed. Through contact with the city it was determined the impact listed of \$100,000 is an estimate in decreased revenue. As the situs of the vehicles is unknown, the estimate may not be accurate.

Omaha Public Schools, the City of Omaha, and Douglas County were not able to provide a fiscal note in the allotted timeframes to be included in this revision.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 842	AM:	AGENCY/POLT. SUB: Nebraska Department of Motor Vehicles	
REVIEWED BY:	Lucas Martin	DATE: 1/28/2020	PHONE: (402) 471-4181
COMMENTS: Given the DMV's assumptions, there is no basis to disagree with their anticipated fiscal impact from LB842.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 842	AM:	AGENCY/POLT. SUB: Nebraska Department of Education	
REVIEWED BY:	Lucas Martin	DATE: 1/28/2020	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Education's assessment of no fiscal impact to the department but a slight impact to TEEOSA.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 842	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue	
REVIEWED BY:	Lucas Martin	DATE: 1/31/2020	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the Department of Revenue's assessment of no fiscal impact to the General Fund or to the Department.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 842	AM:	AGENCY/POLT. SUB: City of Lincoln	
REVIEWED BY:	Lucas Martin	DATE: 1/31/2020	PHONE: (402) 471-4181
COMMENTS: No basis to disagree with the City of Lincoln's assessment of fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 842	AM:	AGENCY/POLT. SUB: Sarpy County	
REVIEWED BY: Lucas Martin	DATE: 1/31/2020	PHONE: (402) 471-4181	
COMMENTS: Given the assumptions used by the Sarpy County Treasurer, there is no basis to disagree with their assessment of the fiscal impact of LB842.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 842	AM:	AGENCY/POLT. SUB: City of Bellevue	
REVIEWED BY: Lucas Martin	DATE: 1/31/2020	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the City of Bellevue's assessment of fiscal impact.			

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

2020

LB⁽¹⁾ 842 REVISED

FISCAL NOTE

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

Prepared by: ⁽³⁾ Bart Moore Date Prepared: ⁽⁴⁾ January 27, 2020 Phone: ⁽⁵⁾ 402-471-3902

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(5,854)	_____	(5,854)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	(5,854)	=====	(5,854)

Explanation of Estimate:

According to the Nebraska National Guard there are 588 Active Guard Reserve that are required to reside in the State of Nebraska. Also, according to the Offutt Air Force Base 450 active duty at Offutt Air Force Base register their vehicles in Nebraska.

The DMV is estimating the average motor vehicle tax collected per registered vehicle is \$300 per year, which is based on an average MSRP of \$30,000, and a 5 year average age. The DMV is also estimating 1.88 vehicles per household in the United States per USDOT.

Based on the actual count of Activity Military with the estimates from the DMV, the calculations for loss of Motor Vehicle Tax would exist.

There would be 1,038 Active Military with 1.88 vehicles at \$300.00 per vehicle for a loss of Motor Vehicle Tax of \$585,432. The loss would impact the following on an annual basis:

- County 1% - \$5,854.32
- DMV 1% (VTR) - \$5,854.32
- Schools - \$344,234.02
- Local Government - \$229,489.34

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21 EXPENDITURES</u>	<u>2021-22 EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2020

LB⁽¹⁾ 842

FISCAL NOTE

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

Prepared by: ⁽³⁾ Kevin Lyons Date Prepared: ⁽⁴⁾ 1/27/2020 Phone: ⁽⁵⁾ 402-471-3323

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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 842 relates to a motor vehicle tax and exemptions. LB 842 proposes to exempt all service members from paying motor vehicle taxes. Currently only service members that are residents of another state are exempt from paying motor vehicle taxes.

Since motor vehicle taxes are an accountable receipt in the TEEOSA formula there would be a slight increase in the cost of TEEOSA if this change is made. The amount can't be determined at this time but it would be minimal.

LB 842 has no fiscal impact on NDE.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</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.

2020

LB⁽¹⁾ 842

FISCAL NOTE

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

Prepared by: ⁽³⁾ James Van Bruggen Date Prepared: ⁽⁴⁾ 1/28/20 Phone: ⁽⁵⁾ 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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:

Estimated Fiscal Impact of \$160,000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</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.

2020

LB⁽¹⁾ 842

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Sarpy County

Prepared by: ⁽³⁾ William E. Conley Date Prepared: ⁽⁴⁾ 1/30/2020 Phone: ⁽⁵⁾ 402-593-5958

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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:

Number of Nebraska residents stationed at Offutt AFB:	450
<u>Number of Members of the Nebraska National Guard</u>	<u>588</u>
Total residents	1038
<u>Average Vehicles/ Household</u>	<u>1.88</u>
Adjusted number Vehicles	1952
<u>Average amount of motor vehicle tax</u>	<u>x \$300</u>

Potential fiscal note to all Sarpy County Political Subdivisions **\$585,432**

Breakdown:	Sarpy County Commission (1%)	\$5,854.00
	DMV (State) VTR Recapture (1%)	\$5,854.00
	Schools	\$339,550.00
	Local Government (not defined)*	\$228,318.00

What is not defined:

- > Confidence in the assumptions made, by the Legislative Fiscal Office, in regards to the numbers of resident members serving at Offutt.
- > Nor do we have an understanding if the 588, claimed in Nebraska National Guard, is state wide or just County.
- > Local Government it is not clear as to if that is only cities or if there are additional entities who would be impacted.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</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.

2020

LB⁽¹⁾ 842

FISCAL NOTE

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

Prepared by: ⁽³⁾ Kristen Anderson Date Prepared: ⁽⁴⁾ 1/28/2020 Phone: ⁽⁵⁾ (402) 441-7409

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	See below	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

This bill would have significant fiscal impact on Lancaster County depending on how many service members and spouses this would apply to and the age and make of their vehicles. Without knowing this information makes accurately estimating the fiscal impact difficult. The State Motor Vehicles conservative estimate of \$27,485.00 is a loss to all county treasurer offices, what portion of that is for Lancaster County is difficult at best to determine as we have no way of knowing how many active duty personal reside in our County/

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</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.

2020

LB⁽¹⁾ 842

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Bellevue

Prepared by: ⁽³⁾ Jim Ristow Date Prepared: ⁽⁴⁾ Jan 30th 2020 Phone: ⁽⁵⁾ 4022933023

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	\$100,000	_____	\$100,000
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	\$100,000	=====	\$100,000

Explanation of Estimate:

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____