

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 587 decreases motor vehicle taxes beginning on January 1, 2016. The bill lowers the factor applied to the base tax for all vehicles, except those that are twelve or thirteen years old, beginning in tax year 2016. It eliminates the tax on vehicles that are twelve years or older beginning in tax year 2017.

Using data supplied by the Department of Motor Vehicles DMV in the past on the number and ages of vehicles and prorating the data to 2014 provides an estimated fiscal impact of decreased motor vehicle taxes of \$19 million in CY2016 and \$22.3 million in CY2017 due to the changes in the bill. DMV indicates a total of \$230.85 million of motor vehicle taxes were collected in 2014 for all registered vehicles, so the bill reduces annual motor vehicle tax revenue by about 9.7% when fully implemented.

Revenue Loss: Motor vehicle taxes are allocated to schools (60%), counties (22%) and cities (18%), after a 1% collection fee is retained by the county. The following table shows the estimated loss in motor vehicle tax revenue for these entities in FY16 through FY18:

	FY 2015-16	FY 2016-17	FY 2017-18
Schools	5,655,593	12,290,721	13,270,257
Cities	1,696,678	3,687,216	3,981,077
Counties	2,073,717	4,506,598	4,865,761
Counties (1%)	<u>95,212</u>	<u>206,915</u>	<u>223,405</u>
Revenue Loss	\$9,521,200	\$20,691,450	\$22,340,500

TEEOSA Impact: Motor vehicle taxes are considered to be an accountable receipt for purposes of state aid to schools per the Tax Equity and Educational Opportunities Support Act (TEEOSA). The loss of revenue decreases accountable receipts for school districts which results in an increase in state aid of a like amount for districts receiving equalization aid. The increase in state aid occurs two years after the decrease in receipts occurs, so TEEOSA aid will increase by up to \$5.7 million in FY2017-18, up to \$12.3 million in FY19 and up to \$13.3 million in FY20.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 587	AM:	AGENCY/POLT. SUB: Dept. of Education	
REVIEWED BY: Gary Bush		DATE: 2/18/15	PHONE: 471-4161
COMMENTS: Concur.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 587	AM:	AGENCY/POLT. SUB: Dept. of Motor Vehicles	
REVIEWED BY: Gary Bush		DATE: 2/18/15	PHONE: 471-4161
COMMENTS: Concur.			

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

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17-Mar-15

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2015-2016		FY 2016-2017	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	\$ -	\$ -	\$ -	\$ -

Explanation of Estimate:

LB 587 makes changes to the motor vehicle tax schedules used in the VTR system. The modifications can be made to VTR with existing appropriation.

MAJOR OBJECTS OF EXPENDITURE				
POSITION TITLE	NUMBER OF POSITIONS		FY 2015-2016	FY 2016-2017
	15-16	16-17	EXPENDITURES	EXPENDITURES
Benefits	_____	_____	_____	_____
Operating	_____	_____	_____	_____
Travel	_____	_____	_____	_____
Capital Outlay	_____	_____	_____	_____
Aid	_____	_____	_____	_____
Capital Improvements	_____	_____	_____	_____
Total	_____	_____	\$ -	\$ -