

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS		(\$150,654)		(\$150,654)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		(\$150,654)		(\$150,654)

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

LB 10 amends sections 60-3,185, 77-202.23, and 77-202.24, reissue revised statutes of Nebraska, and provides motor vehicle tax exemptions and mobile home tax exemptions to more disabled veterans. The bill expands the definition of a disabled veteran to match the federal definition from 5 U.S.C. 2108 as it existed on January 1, 2023. LB10 would become operative on January 1, 2024.

The Nebraska Department of Revenue (NDR) has estimated no fiscal impact to either NDR, nor General Fund expenditures.

The Nebraska Department of Motor Vehicles (NDMV) has estimated around 40,000 veterans would likely take advantage of the proposed exemption. Under the current veterans' tax exemption, 81 of those with exemptions had registrations expiring in 2023. The average vehicle model year of those claiming this exemption was 2018, with the average MSRP of \$42,630. The average Motor Vehicle tax which would be collected on these vehicles, if they were not receiving the exemption, is \$377.40. Assuming the estimated 40,000 vehicles multiplied by the average of \$377.40 each, the net loss in Motor Vehicle Tax would be \$15,096,000. Whereas, the current veterans tax exemption for the estimated 81 vehicle registrations in 2023, is only \$30,570. Hence, the NDMV is estimating with the passage of LB10, there would be an additional net loss of Motor Vehicle Tax of \$15,065,430. The NDMV has indicated they receive only 1% of this full estimated amount, or \$150,654. This amount would be their loss in revenue. The NDMV has also relayed the information, that every county within the state of Nebraska would see a loss of Motor Vehicle Tax revenue with the passage of LB10.

The Nebraska Association of County Officials (NACO) has submitted the same figure as the NDMV for the estimated loss of 1% or \$150,654, in proceeds the counties receive for their work. Each county in Nebraska would lose this amount. In addition, NACO has stated that Nebraska counties currently receive 22% of the overall amount collected, which would be an approximate \$3,300,000. reduction in overall Motor Vehicle Tax collections for the counties (22% of \$15,065,430 = \$3,314,394). This loss in revenue is at the county level, thus it is not reported on this fiscal note in the expenditures and revenues boxes above.

There is no basis to disagree with the NDR.

The estimates provided by the NDMV and NACO both seem reasonable.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 10	AM:	AGENCY/POLT. SUB: Department of Motor Vehicles	
REVIEWED BY: Neil Sullivan	DATE: 1/23/2023	PHONE: (402) 471-4179	
COMMENTS: The Department of Motor Vehicles assessment of fiscal impact from LB 10 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 10	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 1/23/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 10 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
<b>LB: 10</b>	<b>AM:</b>	<b>AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)</b>
REVIEWED BY: Joe Wilcox	DATE: 01/17/2023	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Association of County Officials (NACO) Revised estimate of Potential Revenue Loss Impact to Counties from LB 10.		

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

**2023**

**LB<sup>(1)</sup> 10**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Motor Vehicles

Prepared by: <sup>(3)</sup> Bart Moore Date Prepared: <sup>(4)</sup> January 13, 2023 Phone: <sup>(5)</sup> 402-471-3902

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(150,654)	_____	(150,654)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>_____</u>	<u>(150,654)</u>	<u>_____</u>	<u>(150,654)</u>

**Explanation of Estimate:**

The number of vehicles with registrations expiring in 2023 with the veterans tax exemption is 81, the average MSRP is \$42,630 and the average model year is 2018. The average MV tax to be collected in 2023 for these vehicles if they were not exempt is \$377.40. The Department estimates that 40,000 of the 43,465 veterans will take advantage of the proposed exemption. This would result in a loss of revenue of \$15,096,000. The amount of revenue currently lost on the 81 above is \$30,570, resulting in a net loss of motor vehicle tax revenue of \$15,065,430. The DMV VTR Replacement and Maintenance Fund receives 1% of the Motor Vehicle Tax in current law. This would result in a loss of revenue to the DMV VTR Replacement and Maintenance Fund of \$150,654.

The loss of revenue as noted above will impact every county within the State of Nebraska. Since this revenue is on a county level, those amounts are not being reported in the Fiscal Note.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>



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

**2023**

**LB<sup>(1)</sup> 10 REVISED**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Elaine Menzel Date Prepared: <sup>(4)</sup> 1/13/2023 Phone: <sup>(5)</sup> 402.434.5660

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2023-24</u>		<u>FY 2024-25</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 10 would redefine veterans for motor vehicle tax collections and homestead exemptions. Currently, there are 81 individuals taking advantage of the disabled veteran tax exemption. The average tax owed in 2023 for these 81 vehicles was \$377.40.

According to a U.S. Department of Veteran Affairs report, there were 43,465 disabled veterans in Nebraska. U.S. Census data indicates that 93% of disabled veterans in Nebraska own a vehicle.

If 40,000 of the 43,465 (approximately 92%) disabled veterans take advantage of the proposed exemption, the estimated total statewide decrease in MV Tax Revenue for one year would be \$15,096,000. The amount not collected for the existing 81 vehicles is \$30,570; resulting in a total reduction of \$15,065,430 statewide.

Counties receive one percent of this amount for their work; therefore, approximately, just over \$150,000 in proceeds to the county treasurer would be lost. Additionally, because counties receive 22% of the overall amount in motor vehicle tax collections, this would result in approximately a \$3.3 million reduction in distributions received by counties overall as a result of LB 10.

Therefore, there would be a revenue decrease in distributions received by the counties by the amounts described above.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____