

COMMITTEE STATEMENT

LB 271

HEARING DATE: FEBRUARY 27, 1997

COMMITTEE ON: REVENUE

TITLE: LB 271 (Warner, Coordsen, Hartnett. et al.) Eliminate provisions for valuation and taxation of motor vehicles and provide fees,

ROLL CALL VOTE, FINAL COMMITTEE ACTION

Advanced to General File

X Advanced to General File with amendments

Indefinitely Postponed

Vote results:

7 Yes Senators Coordsen, Hartnett, Kristensen, Landis, Schellpeper, Warner and Wickersham

0 No

0 Present, not voting

1 Absent Senator Will

PROPONENTS

GEORGE KILPATRICK

CATHY LANG-MORRISSEY

LOY TODD

Bob CROSBY

RON SEDLACEK

VIVIAN HARTWIG

BUD CUCA

Representing

SENATOR JEROME WARNER

PROPERTY TAX DIVISION

NE NEW CAR & TRUCK DEALERS ASSN.,

BETTER NEBRASKA ASSOCIATION

NE CHAMBER OF COMMERCE & INDUSTRY

THURSTON COUNTY

NE MOTOR CARRIERS

OPPONENTS

STEVE OLTMANS

Representing

PAPIO-MO RIVER NRD

NEUTRAL

LARRY BARE

RICH JAMES

Representing

CITY OF LINCOLN

SARPY COUNTY

Summary of purpose and/or changes:

Lb 271 would eliminate the property tax on motor vehicles and replace it with a fee schedule.

Section 1 - definitions.

Section 2 imposes, in addition to the registration fees a motor vehicle fee to be imposed on motor vehicles registered for operation on the highways. Exempted are vehicles currently exempt from property tax as follows:

A. Vehicles exempt from registration under section 60-335 (government vehicles).

B. One vehicle owned by a disabled veteran - approval granted by the county.

- C. Motor vehicles owned by Indians.
- D. Motor vehicles owned by a non-resident member of the military stationed in the state,
- E. Motor vehicles owned by the state and its subdivisions.
- F. Motor vehicles owned or used exclusively by a charitable institution exempt from property taxes under section 77-202 --approval granted by the county.
- G. Trucks, trailers and combinations registered for interstate operation under section 60-305.09.

Section 3 provides that the treasurer is to compute the fee and mail the notice of the fee to the last known address of the registrant on or before the first day of the last month of the registration period. The fee is to be computed annually based on the schedule in section 4. It is to be paid before the vehicle is registered to the county treasurer who shall retain one percent before remitting the rest to the state treasurer. The vehicle fee fund is created for collecting proceeds from the fee. The state treasurer is to quarterly distribute proceeds from the fund. 65 percent to the tax equity and educational opportunities fund (school equalization), 20 percent to counties based on the highway allocation fund distribution, and 15 percent to cities also based on the highway allocation fund distribution. Monies received by cities and counties are required to be spent on road, street, and bridge purposes.

Section 4 sets out the fee schedule. Beginning in 1998, the department of revenue is to adjust the schedule upward to reflect changes in the CPI for urban consumers the adjusted schedule by December 31 of the prior year.

The actual fee is the base amount times a fraction based on age as follows:

- 1ST - 1.00
- 2ND - .90
- 3RD - .80
- 4TH - .70
- 5TH - .60
- 6TH - .51
- 7TH - .42
- 8TH - .33
- 9TH - .24
- 10TH & 11TH - .15
- 12TH & 13TH - .08
- 14TH & OLDER - .02

The base amounts are as follows:

Cars, pickups, and vans	\$0-\$17,000	\$250
Cars, pickups, and vans	\$17,000-\$27,000	\$375
Cars, Pickups, and vans	\$27,000-40,000	\$450
Cars, pickups, and vans	>\$40,000	- \$525
Motorcycles		\$100
Cabin trailers		\$ 80
Mobile homes	0-8,000 lbs.	
Mobile homes	8,000-12,000 lbs.	\$175
Mobile homes	12,000-16,000 lbs.	\$225
Mobile homes	16,000 lbs. & over	\$300
Trucks	5-10 tons	\$330
Trucks	10-16 tons	\$400
Trucks	16-30 tons	\$525
Trucks	30 tons and over	\$650
Buses		\$450
Trailers	<4,000 lbs.	\$ 40
Trailers	4,000-9,000 lbs.	\$ 60
Trailers	over 9,000 lbs.	\$130
Semi-trailers		\$200

When a motor vehicle is registered newer than the current model year, the vehicle shall be subject to the initial fee for two years.

Section 5 provides that the property tax administrator is to establish which cars, pickups and vans fall into which price category. The determination is to be based upon the manufacturer's suggested retail price of the vehicle, equipped with standard features, but not including delivery or transportation costs. A protest and hearing. Procedure would be established for resolving disputes. Appeals are to be in accordance with the A.P.A.

Section 6 provides procedures for individuals and organizations to apply for and receive an exemption from the fee. Applications are to be filed within 15 days before or 30 days after the registration date and renewals.

Are to be filed within the registration month. The county board may approve or deny the request.

Sections 7-47 harmonize existing statutes to the fee.

Section 18 amends section 60-305.15 to strike provisions requiring proceeds of the motor vehicle tax to be distributed in the same proportions as property taxes.

Sections 32 and 33 amend sections 77-201 and 202 to exempt motor vehicles from property taxes.

Section 48 provides an operative date of January 1, 1998.

Section 49 repeals original sections.

Section 50 repeals 14 sections outright. These sections govern the property taxation of motor vehicles.

Explanation of amendments, if any:

The committee amendments white copy most of the new language contained in the bill. While there are some clean-up changes as described below, the main changes are that the fee schedule is divided into two -- a motor vehicle tax and a motor vehicle fee. The tax would be as the fee was in the original version of the bill with the following changes:

(1) the declining fractional table would be amended so that in the twelfth and thirteenth years., the fraction would be 7 percent down from 8 percent in the original bill, and for motor vehicles 14 years old and older, the fraction would be zero, meaning that the old vehicles would pay no tax at all.

The beginning tax on motor vehicles would be changed so that for passenger cars and trucks with a value when new of \$17,000 or less, the tax would be \$150; \$17,000-\$27,000 - \$250; \$27,000-\$40,000 - \$400; and \$40,000, or greater, \$550. Motorcycles would be \$80 and cabin trailers are divided into three categories - up to 1,000 pounds \$30; 1,000-2,000 pounds - \$45; and over 2,000 pounds, \$60. Mobile homes less than 8,000 pounds would be \$100; 8,000-12,000 pounds - \$150; and over 12,000 pounds, \$200. For trucks, those 5 to 10 tons would be \$300; 10-16 tons - \$350; 16- 30 tons - \$475; and 30 tons and over - \$600.1 trailers less than 4,000 pounds would be \$25; 4,000-9,000 pounds, \$50; and 9,000 pounds or over would be \$75. Semi-trailers would have a beginning tax of \$150, and busses \$400.

(3) when a motor vehicle is registered newer than the model year, the first year tax would be 100 percent of the full tax and the second registration would be 95 percent. If a motor vehicle is registered and required to bear a salvage title, it would be reduced 25 percent.

(4) the proceeds of the tax would be distributed to the taxing entities at the situs of the motor vehicle in proportion to the relative levies of those political subdivisions.

(5) the tax would be treated like local property taxes for purposes of lids, matching funds, etc.

(6) the property tax administrator is to determine weight and manufacturer's suggested retail price and adjust the schedule for inflation by September 1 of the prior year. The original bill called for this to be done by December 1.

Section 7 sets out the motor vehicle fee. There would also be a reduction table so that the fee would be 100 percent of the initial fee for years 1 through 5. 60 percent for years 6 through 10, and 20 percent for years 11 and over. The base fee would be: passenger cars and trucks - \$25; motorcycles - \$20; cabin trailers and mobile homes - \$25; trucks and busses \$50; trailers other than semitrailers - \$25, and semitrailers - \$50. There would be no exemptions from the fees as there would be for the tax. If registered in a year newer than the model year, the motor vehicle would be subject to the initial fee for six years.

The motor vehicle fee would be returned to the state and distributed equally to cities. And counties based on the highway allocation fund distribution. Proceeds of the fee are also to be considered local tax sources available for matching state or federal funds.

The amendments would also restrict the property tax exemption provided in section on 77-202 to motor vehicles required to be registered for operation on the highways of this state.

The remaining amendments harmonize these changes especially by changing several references to the motor vehicle fee to "fee and tax."

Senator Jerome Warner,
Chairperson