

LB 271 FISCAL NOTE

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February 24, 1997

	FY 1997-98		FY 1998-99	
	Expenditures	Revenue	Expenditures	Revenue
GENERAL	\$101,000		\$1,000	
CASH				
FEDERAL				
OTHER				
TOTAL	\$101,000	\$0	\$1,000	\$0

This bill repeals provisions relating to the valuation and taxation of motor vehicles. It Imposes fees on motor vehicles and provides for fee Schedules as specified in the bill. The bill is operative on January 1, 1998.

This bill should not impact state revenues.

The Department of Motor Vehicles estimated Implementation costs of \$101,000. The Vehicle Titling and Registration system needs to be redone for a one-time cost of \$100,000 and registrations notices would have to be prenumbered at an ongoing cost of \$1,000 per year.

The Property Tax Administrator/Division estimates no fiscal impact under two assumptions (see the division's response for the two assumptions).

Impact on Local Subdivisions: This bill also changes the distribution of the Motor Vehicle Tax Fund. The fees Imposed by this bill, less a one percent collection fee retained by the counties, and a portion of motor vehicle registration fees are deposited into this fund under the provisions of this bill. Currently, the funds in the Motor Vehicle Tax Fund are distributed to the county treasurer of each county in the same proportion as the number of original motor vehicle registrations in each county bears to the total of all original registrations within the state in the registration year Immediately preceding. This bill would have the monies in the Motor Vehicle Tax Fund distributed as follows: 65% to the Tax Equity and Educational Opportunity Fund (state aid to schools), and 20% to the county treasurer of each county in the same proportion as the most recent allocation received from the Highway Allocation Fund, and 15% to the treasurer of each municipality in the same proportion as the most recent allocation received from the Highway Allocation Fund. This bill also states that funds from the Motor Vehicle Tax Fund shall be considered local revenue available for matching state sources.

The fiscal impact of these changes on political subdivisions is indeterminate. The reason is that the current motor vehicle tax revenues, which amounted to almost \$152 million in 1996, are local revenues and may be used at the discretion of the local government expending these funds. Under the provisions of this bill, the motor vehicle fee funds are split between the state aid to schools fund and the Highway Allocation Fund. Both of these funds have specific requirements for expending any such monies distributed under either one of these funds. Specifically, state aid to schools may only be used for K-12 schools, and Highway Allocation Fund monies may generally only be used for road and bridge repairs.

If the impact of this bill is to remove the motor vehicle property tax dollars from the property tax base, and if the funds distributed under this bill do not sufficiently replace the motor vehicle property tax revenues because of their specific use requirements, then this bill could result in a tax shift from motor vehicle property taxpayers to other property taxpayers. This shift may vary between subdivisions and could Impact the measure of wealth for purposes of state aid to school distributions.

DEPARTMENT OF EDUCATION: Concur with Department of Education analysis.

DEPARTMENT OF MOTOR VEHICLES: Concur with Department of Motor Vehicles' analysis.

DEPARTMENT OF REVENUE - PROPERTY TAX DIVISION: Concur with Property Tax Division analysis.