

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$2,620,513		\$2,751,538
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		\$2,620,513		\$2,751,538

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

LB 918 provides that one percent of motor vehicle tax proceeds will be credited to the Vehicle Title and Registration System Replacement and Maintenance Cash Fund (VTRSRM). These proceeds are currently allocated to counties (22%), school districts (60%) and cities (18%). The bill also provides for the VTRSRM Cash Fund to include fees collected by the Department of Motor Vehicles from participation in any multistate electronic data security program. The bill is operative on July 1, 2016.

Revenue: The bill does not change provisions allowing counties to retain 1% of motor vehicle tax proceeds. However, LB 918 provides for an additional 1% of motor vehicle taxes to be allocated to the VTRSRM Cash Fund before the allocation is made to political subdivisions. DMV indicates a total of \$243.5 million of motor vehicle taxes were collected in calendar year 2015 for all registered vehicles. Using the data provided by DMV on motor vehicle taxes collected in the past four years and assuming a 5% increase in tax revenue each fiscal year, it is estimated the change will decrease revenue for counties, schools and cities and increase revenue for the VTRSRM Cash Fund as shown in the following table beginning in FY17:

	FY 2016-17	FY 2017-18
Schools	-1,572,308	-1,650,923
Cities	-471,692	-495,277
Counties	-576,513	-605,338
VTRSRM Cash Fund	<u>2,620,513</u>	<u>2,751,538</u>
Revenue Change	\$0	\$0

DMV estimates the bill will also generate \$16,680 in FY17 and \$17,430 in FY18 for the VTRSRM Cash Fund from participation in multistate electronic data security programs. This revenue is currently deposited in the DMV Cash Fund.

TEEOSA General Fund 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 reduction in motor vehicle tax 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 \$1.57 million in FY2018-19 and up to \$1.65 million in FY2019-20 per the bill.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 918	AM:	AGENCY/POLT. SUB: Nebraska Department of Motor Vehicles	
REVIEWED BY: Lee Will		DATE: 1/21/2016	PHONE: 471-4175
COMMENTS: The agency's estimate appears to be reasonable given the assumptions used.			

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2016-2017		FY 2017-2018	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	\$ 2,673,466	_____	\$ 2,788,313
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	\$ -	\$ 2,673,466	\$ -	\$ 2,788,313

Explanation of Estimate:

LB 918 would provide an on-going revenue source to the Vehicle Title and Registration System Replacement and Maintenance Cash Fund. The revenue sources would be 1% of the total motor vehicle tax proceeds collected through the VTR system and from fees collected by DMV from participation in any multistate electronic data security program. Changes to the VTR system can be accomplished with existing appropriation.

Motor Vehicle Tax

	Year	\$ Amount
Actual	2012	210,481,692
	2013	219,467,812
	2014	230,850,190
	2015	243,485,483
	2016	253,669,732
Estimated	2017	265,678,568
	2018	277,088,339

Estimated Amount Generated by 1% Commission

FY17	\$ 2,656,786
FY18	\$ 2,770,883

Estimated Amount Generated by multistate electronic data security programs

FY17	\$ 16,680
FY18	\$ 17,430

MAJOR OBJECTS OF EXPENDITURE

POSITION TITLE	NUMBER OF POSITIONS		FY 2016-2017	FY 2017-2018
	16-17	17-18	EXPENDITURES	EXPENDITURES
Benefits .....	_____	_____	_____	_____
Operating .....	_____	_____	_____	_____
Travel .....	_____	_____	_____	_____
Capital Outlay .....	_____	_____	_____	_____
Aid .....	_____	_____	_____	_____
Capital Improvements .....	_____	_____	_____	_____

