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PREPARED BY: Doug Gibbs
DATE PREPARED: February 08, 2011
PHONE: 471-0051

LB 505

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$21,750		\$0	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$21,750		\$0	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 505 amends Nebraska Revised Statutes Sections 60-3,186 and 60-3,187, dealing with the motor vehicle tax.

There are two basic components of LB 505; the first amends Section 60-3,187 to extend the period for collecting the motor vehicle tax on automobiles to the 14th through 20th years of registration. Currently, those vehicles pay \$0 motor vehicle tax. Based on information from the Department of Motor Vehicles, there are over 726,000 vehicles over the age of 14 currently in the Vehicle Titling and Registration system. The number of those vehicles under 20 years old is not known. Based upon the 726,000 number, an estimate of 530,000 vehicles being subject to the motor vehicle tax seems reasonable. Using an average MSRP of \$18,000 to \$19,000, would result in an average motor vehicle tax of \$7.80 per vehicle or a total increase in motor vehicle tax of \$4,134,000.

The second component amends Section 60-3,186 to direct one-fourth of one percent of the motor vehicle tax proceeds collected under this section to the State Patrol Retirement Fund. \$201,100,000 was collected in motor vehicle tax during 2009; adding in the additional motor vehicle tax collected as a result of LB 505 would result in a total of approximately \$513,000 being transferred to the State Patrol Retirement Fund, with a corresponding loss of revenue to the political subdivisions which currently receive the revenue from this tax.

Currently, proceeds from the tax are allocated to each county, school system, school district, city, and village in the tax district in which the motor vehicle has situs; that does not change under LB 505. 60 percent of the motor vehicle tax proceeds are allocated to the local school system or school district. The approximate impact to TEEOSA as a result of LB 505 is a reduction in school aid and savings to the General Fund of up to \$1,086,300 in FY13-14 and up to \$2,172,600 in FY14-15.

The bill has an operative date of January 1, 2012.

The Department of Motor Vehicles also indicates a cost of \$21,750 for programming costs related to the changes in Vehicle Titling and Registration system.

The Department of Motor Vehicles estimate of fiscal impact and cost appears reasonable and there is no basis to disagree.

The Nebraska Public Employees Retirement System indicates no fiscal impact to the agency to implement LB 505.

The Nebraska Department of Roads indicates no fiscal impact to the agency as a result of LB 505.

The Nebraska Department of Revenue indicates no fiscal impact to the General Fund as a result of LB 505.

IMPACT TO POLITICAL SUBDIVISIONS:

There appears to be a total increase in revenue to local political subdivisions of \$3,621,000 statewide. Of this amount approximately \$2,172,600 would be allocated to school systems or school districts.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	David J. Spatz	DATE	2/7/11	PHONE	471-4179
COMMENTS					
NEBRASKA DEPARTMENT OF MOTOR VEHICLES: No basis to dispute agency analysis relative to Department of Motor Vehicles.					
NEBRASKA ASSOCIATION OF COUNTY OFFICIALS: No basis to disagree with estimate of impact.					
NEBRASKA EMPLOYEE RETIREMENT SYSTEM: No basis to dispute agency analysis and estimate of no fiscal impact relative to Nebraska Employee Retirement System.					
DEPARTMENT OF REVENUE: Concur with agency analysis relative to the Department of Revenue.					
DEPARTMENT OF ROADS: Concur with Department of Roads' analysis and estimate of no fiscal impact.					

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

Prepared by: Gary Ryken

Date Prepared: 03-Feb-11

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$ 21,750			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$ 21,750	\$ -	\$ -	\$ -

Explanation of Estimate:

LB 505 changes motor vehicle taxes on vehicles between 14 and 20 years old and the distribution of motor vehicle tax proceeds.

Expenditure Changes

These changes will require extensive modifications to the Vehicle Titling and Registration (VTR) System. Changes to the MV Tax calculation structure, adding two new tax categories and the distribution to a new fund (State Patrol Retirement Fund) will take an estimated 290 hours of programming at \$75/hour for a total estimated cost of \$21,750.

Revenue Changes

LB 505 increases the amount of the MV Tax for vehicles between the age of 14 and 20 years. Currently, those vehicles pay zero MV Tax. There are over 726,000 vehicles over the age of 14 currently in VTR. The portion of those vehicles under 20 years old, however, is not known. Based upon the 726,000 number an estimate of 530,000 vehicles being subject to the MV Tax seems reasonable. Using an average MSRP of \$18,000 to \$19,999 (unverifiable) would result in an average MV Tax of \$7.80 per vehicle or a total increase in MV Tax of \$4,134,000.

LB 505 carves out one-fourth of one percent of the motor vehicle tax proceeds for the State Patrol Retirement Fund. \$201,100,000 was collected in MV Tax during 2009. Adding in the additional MV Tax from above would result in approximately \$513,000 (\$205,234,000 x .0025) being transferred to the State Patrol Retirement Fund. Current recipients of the MV Tax distribution would have their total share increased by \$3,621,000.

POSITION TITLE	NUMBER OF POSITIONS		MAJOR OBJECTS OF EXPENDITURE	
	11-12	12-13	2011-2012	2012-2013
			EXPENDITURES	EXPENDITURES
Benefits				
Operating			\$ 21,750	
Travel				
Capital Outlay				
Aid				
Capital Improvements				
Total			\$ 21,750	\$ -

FISCAL NOTE LB505

Counties

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JAN 28 2011
LEGISLATIVE FISCAL

Prepared By	Edwards, Jon
Date Prepared	1/28/2011
Prepared Phone	402-434-5660

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

Explanation of Estimate:

As drafted, LB505 does not appear to have a fiscal impact to counties.

Major Objects of Expenditure

Position Title	Number of Positions		FY 2011-2012	FY 2012-2013
	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures

LB 505

Fiscal Note 2011

State Agency Estimate

State Agency Name: Department of Revenue	Date Due LFA: 1/25/2011
Approved by: Douglas Ewald	Phone: 471-5700
Date Prepared: 1/18/2011	

	FY 2011-2012		FY 2012-2013		FY 2013-2014	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds						
Cash Funds						
Federal Funds						
Other Funds						
Total Funds						

LB 505 amends Section 60-3,186 to provide that 0.25% of the proceeds of the motor vehicle tax collected be remitted to the State Treasurer for credit to the State Patrol Retirement Fund. It also extends the period for collecting the motor vehicle tax to the automobile's 14th through 20th years of registration.

There is no General Fund impact associated with LB 505, and there is no cost to the Department to implement this bill.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Aid.....							
Capital Improvements.....							
Total.....							

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FISCAL NOTE LB505
Department of Roads

LEGISLATIVE FISCAL

Prepared By	Hayes, Marilyn
Date Prepared	1/21/2011
Prepared Phone	402-479-4692

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

Explanation of Estimate:

LB 505 changes motor vehicle tax revenue distribution to require one-fourth of one percent of the tax proceeds to be credited to the State Patrol Retirement Fund.

Motor vehicle taxes are allocated to each county, local school system, local school district, city and village in the tax district.

No revenue from these motor vehicle taxes is deposited into the Highway Trust or Highway Cash Funds.

No fiscal impact on the Department of Roads is anticipated as a result of this legislation.

Major Objects of Expenditure

Position Title	Number of Positions		FY 2011-2012	FY 2012-2013
	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
		Benefits		
		Operating		
		Travel		
		Capital outlay		
		Aid		
		Capital improvements		
		Total		