

One Hundred Ninth Legislature - First Session - 2025

Introducer's Statement of Intent

LB714

Chairperson: Senator Mike Moser

Committee: Transportation and Telecommunications

Date of Hearing: March 04, 2025

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB714 is a companion bill to LB468, designed to offset county revenue lost due to Inheritance Tax reductions. This bill furthers that effort by not only allowing for the continued reduction of the Inheritance Tax, but also lowering the Motor Vehicle Personal Property Tax. This would provide direct tax relief to Nebraskans who own a vehicle but may not own a home.

LB714 presents a strategic approach to restructuring the collection and distribution of Nebraska's motor vehicle taxes and fees to achieve these goals. Specifically, the bill would:

- **Reduce Motor Vehicle Taxes** by approximately 20%, or about \$70 million, bringing Nebraska's tax rates more in line with neighboring states.
- **Revise the depreciation schedule** to better reflect real-world vehicle values. All vehicles up to 13 years old would see a tax decrease, while vehicles 14 years and older would be taxed at 1% of their first-year base value instead of being tax-exempt.
- **Expand the motor vehicle tax schedule** by increasing the maximum taxable value from \$100,000 to \$200,000 to account for higher vehicle prices.
- **Increase motor vehicle fees** to generate approximately \$29 million in new revenue, which will remain designated for roads and bridges. Fees for vehicles over 7 tons will rise by \$2 per ton to reflect the increased wear caused by heavy vehicles.
- **Adjust fee distribution** by increasing the county road maintenance share from 50% to 70%, while city road funding will moderately increase with a 30% allocation.
- **Modify tax revenue allocation**, increasing the county share from 22% to 40% and the city share from 18% to 23% to maintain city funding levels. The school funding share from motor vehicle taxes would decrease from 60% to 37%, though most of this reduction would be offset for equalized schools through the TEEOSA formula. An interim study is planned to explore options for replacing any remaining school revenue loss.

LB714 offers a balanced solution that provides tax relief while ensuring continued investment in Nebraska's roads, bridges, and local government services.

Principal Introducer: _____

Senator Robert Clements