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Economic Snapshot: Nebraska's economy in relation to its neighbors

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Nebraska's economic status is fairly average when compared to the surrounding states of Iowa, Kansas, Missouri, Colorado, Wyoming, and South Dakota. Foreclosures are low and debt is being slowly lowered, but the state is not expanding its economic output at a rapid pace.

Overall, Nebraska's economic health appears to be slightly better than those of its neighbors, leading in low unemployment and only falling behind South Dakota and Wyoming in home foreclosures and economic growth. The states with the most economic growth and lowest foreclosures, South Dakota and Wyoming, also have the lowest tax burden, having no income tax and lower sales tax than most of Nebraska's neighbors.

UNEMPLOYMENT: At 4.1 percent, Nebraska has the lowest unemployment rate of neighboring states, the next lowest being South Dakota at 4.8 percent. The highest unemployment rate in Nebraska's surrounding states is Missouri's rate of 8.9 percent. The national average is 9.1 percent, and in the nation only North Dakota's 3.2 percent rate is lower than Nebraska's. [\[1\]](#)

FORECLOSURES: Nebraska has the third lowest foreclosure rate, with one in every 2,890 homes being foreclosed, trailing South Dakota and Wyoming, with foreclosure rates of one in 3,021 and 3,563, respectively. Colorado and Iowa have the highest foreclosure rates, Colorado having foreclosures of one in every 495 homes and Iowa of one in every 842.

ECONOMIC GROWTH: Nebraska's economic growth from 2008 to 2009 ranks third at .3 percent, trailing Wyoming and South Dakota's economic growth, which increased by 5.4 and 2.2 percent, respectively. Other central states' economic growth decreased from 2008 to 2009, such as Kansas' by 1.1 percent and Missouri's by 2.2 percent.

INCOME TAX: Unfortunately, Nebraska's trails only Iowa in its high income tax rate. Nebraska maintains a 6.84 percent income tax rate for the 2011 fiscal year, just below Iowa's 8.98 percent income tax rate. Kansas and Missouri ring in just below Nebraska with at least 6 percent income tax rates. South Dakota and Wyoming do not require income tax.

SALES TAX: Nebraska's sales tax rate of 5.5 percent clocks in below Iowa's and Kansas' rates, both of which are at least 6 percent. Missouri, South Dakota and Wyoming have sales tax rates of at least 4 percent. At 2.9 percent, Colorado has the lowest sales tax rate.

BUDGET SHORTFALLS: Nebraska and all but two of its neighbors are either constitutionally or statutorily required to enact a balanced budget and are not allowed to carry deficits over into new fiscal periods. Only Missouri and Wyoming do not have to enact a balanced budget, although Missouri cannot carry over its deficits. While these constitutional constraints have helped Nebraska and most of its neighbors close budget shortfalls in 2011-with the exception of Colorado and Kansas who still had shortfalls-fiscal challenges remain in 2012.[2]

When it comes to its projected budget shortfall in 2012, Nebraska is in better shape than most of its neighbors. The Nebraska budget shortfall is projected to be \$166 million, around 4.8 percent of the General Fund Budget. Only Iowa's shortfall is smaller, at \$149 million, 2.4 percent of their General Fund Budget. Wyoming is the most successful of the surrounding states as it does not have a projected shortfall at all for 2012. South Dakota's shortfall is the smallest in terms of hard money at \$127 million, but it is the highest percentage of General Fund Budgets of any of the surrounding states at 11 percent.[3]

PENSION LIABILITIES: Nebraska leads many of its neighbors in the percentage of funded liabilities. Nebraska's pensions are 88 percent funded, falling behind only South Dakota and Wyoming, which have pensions at 92 and 89 percent funded, respectively. Kansas' and Colorado's pension liabilities are the highest, as only 64 and 69 percent, respectively.

While the tax burden remains amongst the highest of its neighbors, the economic growth, decreasing deficit, low unemployment and largely funded pension liabilities, give some reason for optimism for the future of Nebraska's economy in relation to the surrounding states.

Some changes may be needed to keep this recovery going, particularly when Wyoming has grown their economy by almost twenty times as much as Nebraska.[4] But it is a start, and one that can be improved to make Nebraska a leader among in its neighbors for the economic recovery.

Go to <http://www.bankruptingamerica.org/2011/05/state-fiscal-fact-sheet/> to learn more about how much the federal government spends on the state or the promises of each state's governor or to view fact sheets on other states.

[1] National Conference of State Legislatures, "Unemployment Rises Slightly to 9.1 percent in May 2011." June 3, 2011. Accessed June 20, 2011, <http://www.ncsl.org/?tabid=13307>; "Nebraska jobless rate drops to 4.1 percent in May" Accessed June 20, 2011: http://www.forbes.com/feeds/ap/2011/06/17/business-us-nebraska-unemployment-nebraska_8522191.html

[2] National conference of state Legislatures, "State Balanced Budget Provisions." A pdf report on balanced budget requirements of the states can be found at <http://www.ncsl.org/?tabid=12651>. Accessed June 20, 2011; Elizabeth McNichol, Phil Oliff, and Nicholas Johnson, "States Continue to Feel Recessions's Impact" June 17, 2011. Accessed June 20, 2011, <http://www.cbpp.org/cms/?fa=view&id=711>.

[3] Elizabeth McNichol, Phil Oliff, and Nicholas Johnson, "States Continue to Feel Recessions's Impact" June 17, 2011. Accessed June 20, 2011, <http://www.cbpp.org/cms/?fa=view&id=711>.

[4] Wyoming's 5.4 percent growth compared to Nebraska's .3 percent.



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