



**June 25, 2010**

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**Send a Letter to the Editor**

The Platte Institute strongly believes in the importance of citizens participating in the public dialogue on issues important to Nebraska. Writing a letter to the editor is an outstanding way to partake in the discussion and have your voice heard by thousands of

# PLATTE CHAT

## How Nebraska's Tax System Stacks Up

The following is a compilation of information from the Tax Foundation.

Here are some basic facts on Nebraska's tax system and how it compares to other states:

### **Tax Freedom Day Arrives on April 7 in Nebraska**

Tax Freedom Day is the day when Americans finally have earned enough money to pay off their total tax bill for the year. In 2010, Nebraska taxpayers work until April 7 to pay their total tax bill, ranking it 27th in the nation. This is 2 days before national Tax Freedom Day (April 9). The Tax Freedom Days of neighboring states are: South Dakota, March 29 (ranked 47th nationally); Iowa, April 4 (ranked 36th nationally); Missouri, April 4 (ranked 35th nationally); Kansas, April 7 (ranked 25th nationally); Colorado, April 10 (ranked 17th nationally); and Wyoming, April 11 (ranked 16th nationally).

[Full study of Tax Freedom Day, nationwide and in each state](#)

### **Nebraska's State/Local Tax Burden Slightly Above National Average**

Estimated 9.8% of income, Nebraska's state and local tax burden percentage stands at 17th highest, just above the national average of 9.7%. Nebraskans pay \$3,983 per capita in state and local taxes.

people. To make the process easier, the Platte Institute has assembled a list of links which allow you to submit a letter to the editor to nearly all Nebraska newspapers. Simply [CLICK HERE](#) for a listing of the newspapers and follow the appropriate link to submit your letter.

## Contact Us

If you would like to contact someone at the Platte Institute, you are always welcome to give us a call, drop us an email or stop by the office. Our telephone number is 402.452.3737. We are located at 10050 Regency Circle – Suite 120 – in Omaha. Below is a list of staff email address:

John S. McCollister  
Executive Director  
[john.mccollister@platteinstitute.org](mailto:john.mccollister@platteinstitute.org)

Anne Duda  
Senior Policy Analyst  
[anne.duda@platteinstitute.org](mailto:anne.duda@platteinstitute.org)

Kimberly Stephenson  
Development Director  
[kims@platteinstitute.org](mailto:kims@platteinstitute.org)

Berk Brown  
Director of Communications  
[berk.brown@platteinstitute.org](mailto:berk.brown@platteinstitute.org)

[Nebraska's State-Local Tax Burden, 1977-Present](#)  
[Other States' State/Local Tax Burdens](#)  
[Historical Chart Comparing All States' State/Local Tax Burdens from 1977 to 2008](#)

### Nebraska's 2010 Business Tax Climate Ranks 33rd

Nebraska ranks 33rd in the Tax Foundation's State Business Tax Climate Index. The Index compares the states in five areas of taxation that impact business: corporate taxes; individual income taxes; sales taxes; unemployment insurance taxes; and taxes on property, including residential and commercial property. Neighboring states ranked as follows: South Dakota (1st), Iowa (46th), Missouri (16th), Kansas (32nd), Colorado (13th) and Wyoming (1st).  
[50-State Comparison of Business Tax Climates](#) (data only)  
[2009 State Business Tax Climate Index, Sixth Edition](#) (full study)

### Nebraska's Individual Income Tax System

Nebraska's personal income tax system consists of four separate brackets with a top rate of 6.84%, kicking in at an income level of \$27,000. Among states levying an individual income tax, Nebraska's top rate ranks 18th highest nationally. Nebraska's 2008 state-level individual income tax collections were \$972 per person, which ranked 19th highest nationally.

[50-State Table of Individual Income Tax Rates](#)  
[50-State Table of State Individual Income Tax Collections](#)  
[50-State Table of State and Local Individual Income Tax Collections Per Capita](#)

### Nebraska's Corporate Income Tax System

Nebraska's corporate tax structure consists of two brackets with a top rate of 7.81%, kicking in at an income level of \$100,000. Among states levying corporate income taxes, Nebraska's top rate ranks 19th highest nationally. In 2008, state-level corporate tax collections (excluding local taxes) were \$131 per capita, which ranked 28th highest nationally.

[50-State Table of Corporate Income Tax Rates](#)  
[50-State Table of State and Local Corporate Income Tax Collections Per Capita and Per Household](#)  
[50-State Table of State Corporate Income Tax Collections Per Capita](#)

### Nebraska Sales and Excise Taxes

Nebraska levies a 5.5% general sales or use tax on consumers, which is slightly below the national median of

5.85%. In 2007 combined state and local general and selective sales tax collections was \$1,310 per person, ranking 28th highest nationally. Nebraska's gasoline tax is a variable tax that is adjusted for inflation on a quarterly basis. The gasoline tax currently stands at 27.7 cents per gallon and ranks 19th highest nationally. Nebraska's cigarette tax stands at 64 cents per pack of twenty, ranking 37th highest nationally. The sales tax was adopted in 1967, the gasoline tax in 1925 and the cigarette tax in 1947.

[50-state table of sales, cigarette, gas, beer, wine, and spirits tax rates.](#)

[50-State Table of State and Local General and Selective Sales Tax Collections Per Capita](#)

### **Nebraska Property Taxes: Comparatively High**

Nebraska is one of the 37 states that collect property taxes at both the state and local levels. As in most states, local governments collect far more. Nebraska's localities collected \$1,268.72 per capita in property taxes in fiscal year 2006, which is the latest year the Census Bureau published state-by-state property tax collections. At the state level, Nebraska collected \$1.41 per capita during FY 2006, making its combined state/local property taxes \$1,270.13 per capita, ranking 17th highest nationally.

[State property tax collections per capita by state](#)

### **Federal Tax Burdens and Expenditures: Nebraska is a Beneficiary State**

Nebraska taxpayers receive more federal funding per dollar of federal taxes paid compared to the average state. Per dollar of Federal tax collected in 2004, Nebraska citizens received approximately \$1.10 in the way of federal spending. This ranks the state 25th highest nationally and represents an increase from 1995, when Nebraska received \$1.01 per dollar of taxes in federal spending (30th highest). Neighboring states and the amount of federal dollars they received per dollar collected in federal taxes were: South Dakota (\$1.53), Iowa (\$1.10), Missouri (\$1.32), Kansas (\$1.12), Colorado (\$0.81) and Wyoming (\$1.11).

[Comparing the amount of federal taxes sent to Washington with the amount of federal spending coming back to the state](#)

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