



May 28, 2008

UPCOMING REPORT

In the coming days look for an in-depth article from the Platte Institute for Economic Research on the motor vehicle tax in Nebraska. The article will take a look at the total cost for an individual to register their vehicle in Nebraska as well as bordering states.

There was quite a bit of publicity recently about the number of Nebraska individuals illegally registering their vehicles in Iowa and South Dakota. As a result, we decided to take a look at why so many citizens are purposely breaking the law in order to avoid paying the costs to register their vehicle in Nebraska.

In the article you will see just how much more it costs to register a vehicle in Nebraska than nearly every other state we share a border with. And it may surprise you where a majority of the motor vehicle tax ends up in Nebraska – here’s a hint – it isn’t for transportation issues.

PLATTE CHAT

KEEP PROPERTY TAXES LOCAL

Roger Lempke, Executive Director

Nebraskans have nine involved citizens and a conscientious judge to thank—for now—and not for the right reason. In 2007 the legislature passed LB701 which permits Natural Resource Districts under special conditions to levy property taxes. Because the state constitution clearly assigns property-taxing authority to local government for local needs one might have thought that state intrusion into this local authority would have raised a large row. But apparently it did not.

In *Garey v. Neb. Dep’t of Natural Res.*, CI07-4610, Lancaster County District Court Judge Paul D. Merritt ruled on three objections in a lawsuit brought by nine Republican Valley property owners. The one most relevant to each Nebraska property owner contends the law permits assessing property tax for something that is a state responsibility, which is specifically prohibited by the constitution. Unfortunately, he enjoined enforcement of LB701 on another objection rather than this one.

The legislature created the NRDs many years ago and then through LB701 provided them with the authority in certain situations to levy a property tax for revenue to resolve water compact issues that are arguably the state’s responsibility.

The scary thing about this situation is that the law was passed in the first place with such ease. One might have thought that watchful municipalities and counties would have noticed this questionable intrusion into their domain of authority and been more vocal in their disapproval. As it is, Nebraskans are just beginning to learn more about the implications of LB701.

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The law has been enjoined, at least for now, but the section dealing with state intrusion into local responsibility passed legal muster within the court's decision. The barn door is cracked open—something needs to be done to shut it tight again.

REUNIONS, GRADUATIONS REMIND OF “BRAIN DRAIN”

Darren Ivy, Senior Policy Analyst

Across Nebraska, May was a time for high schools and colleges to send forth new graduates into the world and for past graduates to return home for class and school reunions. The ritual has been going on for nearly as long as Nebraska has been a state.

However, the numbers of Nebraskans who decide to move away after high school or college has changed over the years, with more and more opting to leave the Cornhusker state. Based on 2000 Census Data, Nebraska ranked as the tenth most heavily out-migrated state in the country for young, single, college educated people.

Matt Smith of Fort Calhoun and Jennifer Davis of Lincoln are two Nebraska graduates who will be leaving the state after their June wedding. Davis, who graduated from Lincoln High School, has been teaching in Marysville, Kansas since she graduated from the University of Nebraska-Lincoln in 2006. She was one of a few select recipients of the Kansas Horizon Award, which recognizes teachers who do an exemplary job during their first year of teaching.

“There were jobs in Nebraska; they just weren't the right fit,” Davis said. “Probably half of the teachers in my methods class also took jobs outside of Nebraska.” While Davis has enjoyed success in Kansas, her fiancé, a 2008 UNL architect graduate has a job waiting in California. Smith also said it wasn't due to lack of opportunity in Nebraska. “Omaha has plenty of jobs. I had been there and done that, living not too far away,” Smith said. “I wanted to experience something new.” [Read more . . .](#)

DRINK WINE, NOT BEER TO MAKE VACATION MONEY GO FURTHER

Brett Barstow, Intern

As the weather warms and weekend getaways take shape, many Midwesterners will head for nearby lakes and rivers to relax and spend time with their families. On top of record energy and food costs, state taxes on fuel and beer could dampen weekend plans just as quickly as a rainy day.

A comparison with neighboring Iowa sheds light on Nebraska's taxation policy on gasoline, beer, and wine; based on data from The Tax Foundation. Assume two identical families, one in Nebraska and one in Iowa. If each family uses 60 gallons of fuel for a boat and 25 gallons for a towing vehicle, the family in Nebraska would pay \$19.55 in state fuel taxes. The same family in Iowa would pay \$17.60 in fuel taxes, a 10% decrease. Nebraska's taxes may not be worse than a rainy day on vacation, but they are certainly more expensive than what our friends east of the Missouri pay.

If the families instead plan to stay at home and host a block party, comparative alcohol taxes show a similar trend. A 12-pack of beer generates 35¢ of beer-tax revenue in Nebraska versus 21¢ in Iowa. Good news for Nebraska's wine enthusiasts, as our state actually holds the advantage in wine taxation. If the Nebraskan couple buys two bottles of wine, they pay 38¢, compared to the Iowa couple's 70¢ expense in table wine tax. Before the weekend on the boat or at home has started, chances are good that Nebraskans are spending more on taxes than their neighbors are across the river.

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