GET REAL ABOUT Property Taxes
SECOND EDITION

The Nebraska Legislature’s 2020 Mission:
Develop a 33-vote consensus on major property tax reform or face a possible constitutional amendment ballot initiative adding more than $1.3 billion in income tax credits to the annual state budget.

History shows the current approach to “property tax relief” isn’t working.
In 1967, the state property tax was repealed. Yet since then, local property taxes collected per capita have nearly doubled, even after adjusting for inflation. Neither the creation of TEEOSA (1990) nor the Property Tax Credit Fund (2007) have stopped the dramatic increases in property taxes, which currently rank as the country’s 7th highest. Nebraska needs structural property tax reform.

How do we pay for property tax reform?
To make a major, lasting cut in local property taxes without raising state tax rates or cutting core government services, the Nebraska Legislature will need to eliminate Nebraska’s many consumer sales tax exemptions.

Neighboring South Dakota collects taxes on 152 services
Nebraska imposes sales tax on 81 types of services

Which sales tax exemptions should be ended?
The Tax Foundation advises that sales tax should be collected on the final sale of all consumer goods and services, exempting only business inputs.

CURRENTLY, ONLY 1 IN 3 SALES IN NEBRASKA ARE TAXED.
Ending Exemptions = Lower Property Tax & Sales Tax

Won’t ending sales tax exemptions just be another tax increase?

By eliminating more exemptions, the state can reduce property and sales tax rates without cutting core government services. The key is to use the new revenues for tax reform, not additional spending.

How do we keep property taxes from rising as they have in the past?

In exchange for new sources of state and local revenue from eliminating sales tax exemptions, local governments with property taxing authority must adhere to stronger levy and assessment limits.

What do Nebraskans think about property tax reform?

62% support reducing allowed property tax levies and valuations.

51% favor a stronger cap on how much local government spending can increase each year.

What will happen if the Legislature doesn’t act?

If the property tax ballot initiative is approved, 28% of state revenues will have to be dedicated to rebating property taxes.

Despite this enormous expense, local and state tax rates will not change without further legislative action, and could potentially increase.

Read “Get Real About Property Taxes, 2nd Edition” at PlatteInstitute.org/Policy