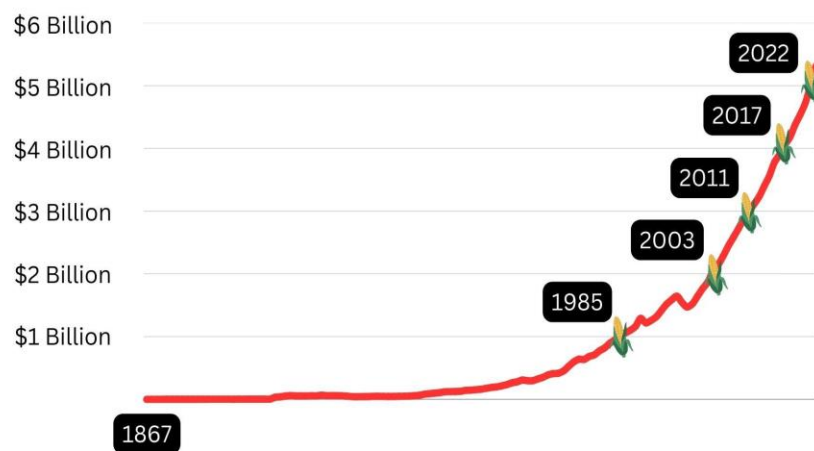


Nebraska's Plan Summary Sheet

Property Tax Problem

Nebraska property taxes have increased exponentially over the past 20 years. Property taxes have increased from \$2 billion collected in 2003 to \$5.3 billion collected in 2023.

Historical Total Local Property Taxes Collected



Property taxes are soon on pace to soon increase by \$1 million a day, further crippling hard working Nebraskans, seniors on fixed income, and producers across our state. Simply put these out-of-control increases have created a crisis in Nebraska that has prompted this special session.

LB388 vs. Special Session Legislation

The proposed special session legislation is distinctly different proposal than LB388 in four major ways:

- City and County Cap changed from 3% to 0% or CPI.
- Increases direct property tax relief to taxpayers from an additional 1% to an additional 25%
 - This is done by eliminating the general fund levy liability a property tax owner has from up to a \$1.05 in FY24/25 to \$0 in FY26/27.
- Makes cuts to the State budget to ensure this is an overall tax decrease for Nebraskans.
- When fully enacted, a direct revenue controls on 95% of Nebraskan's property tax bill

Revenue Generators

The proposed legislation contains roughly \$900 Million in new revenue from the elimination of sales tax exemptions and increase of existing sin taxes. Attachment 1 contains a full list of exemption removals proposed, their estimated revenue collections, and the rate at which they will be taxed. The rate will be between 2%, 4%, or the existing sales tax rate combined with the local option rate of the specific community. All revenue raised in this plan will go directly to property taxpayers.

Spending Caps on Counties, Cities and Villages

Valuation growth has led to negative thoughts on the valuation process. Yet, we all want to see our wealth grow. The leading problem in local property tax collections rising is that spending is out of control. The legislation will only allow for tax collections to increase by real growth, and 0% or CPI, whichever is greater. There are still some exclusions to that cap, such as approved bonds, declared emergencies, use of unused budget authority, an imminent and significant threat to public safety, override by the voters, and a max of 6% that can be used to get first responders to full staff. The cap remains similar to that introduced in LB388 on final reading, but with strong limits on spending.

Tax Cut Impact of this bill

From a global perspective this bill, along with previous tax changes made by this Legislature, will result in an overall tax cut of over \$1 billion to Nebraskans. For a historical perspective, tax collections in Nebraska, while combining state and local sources, increased from \$8.2 billion in FY14/15 to \$12.03 billion in FY22/23:

Year	Individual	Sales	Local Option	Corporate	Misc	Property	Total
14/15	2,205.50	1,535.40	376.60	346.50	217.70	3,565.08	8,246.78
15/16	2,221.10	1,528.00	402.96	307.60	251.20	3,781.43	8,492.29
16/17	2,224.80	1,548.40	431.17	264.50	228.10	3,904.88	8,601.85
17/18	2,360.60	1,602.70	461.35	313.70	290.00	4,054.74	9,083.09
18/19	2,545.70	1,658.10	493.65	423.70	268.80	4,179.99	9,569.94
19/20	2,445.70	1,848.20	528.20	391.20	254.70	4,378.15	9,846.15
20/21	3,130.60	2,009.70	565.18	571.20	247.50	4,541.71	11,065.89
21/22	3,243.20	2,133.20	604.74	715.10	257.40	4,728.84	11,682.48
22/23	3,005.95	2,335.90	647.07	692.96	333.17	5,021.77	12,036.82
Difference	800.45	800.50	270.47	346.46	115.47	1,456.69	3,790.04

Under this plan, the out-of-control tax increases are finally reversed, and Nebraska will see taxes cut by nearly \$1 billion when comparing FY22/23 to FY26/27:

Year	Individual	Sales*	Local Option**	Corporate	Misc	Property*	Total
22/23	3,005.95	2,335.90	655.33	692.96	333.17	5,021.77	12,045.08
23/24	2,479.05	2,458.83	701.20	1,724.91	493.01	5,307.80	13,164.80
24/25***	2,229.60	3,447.46	750.29	739.60	320.77	3,061.69	10,549.41
25/26****	2,948.08	3,970.53	802.81	518.98	225.59	2,886.04	11,352.03
26/27***	2,775.52	4,104.51	859.00	496.75	211.18	2,685.74	11,132.70
Difference	-230.43	1,768.61	203.67	-196.21	-121.99	-2,336.03	-912.38

*Sales & Property include the impact of proposed tax reform

**Local option based on actual collections & 50 year historical average

***NEFAB Projections for Income, Sales, Corporate, & Misc. 20 year historical average used for Property Taxes.

****LFO Prelim for Income, Sales, Corporate, & Misc. 20 year historical average used for Property Taxes.

From an individual perspective, “Attachment 2” provides an analysis of the total tax reeducation that an average Nebraska homeowner can expect in each of this plan. Below is a snapshot of the impact from 12 districts across the state:

School District Name	2023 275K Tax	2024 TAX REDUCTION	2025 TAX REDUCTION	2026 TAX REDUCTION	YEAR 3 REDUCTION	Year 3 % Reduction
ALLIANCE	\$ 2,898.35	\$ (2,072.45)	\$ (206.25)	\$ (206.25)	\$ (2,484.95)	-86%
AUBURN	\$ 2,718.67	\$ (2,110.71)	\$ (206.25)	\$ (206.25)	\$ (2,523.21)	-93%
BAYARD	\$ 2,979.68	\$ (2,301.13)	\$ (206.25)	\$ (206.25)	\$ (2,713.63)	-91%
FREMONT	\$ 3,130.30	\$ (2,116.92)	\$ (206.25)	\$ (206.25)	\$ (2,529.42)	-81%
GRAND ISLAND	\$ 3,119.31	\$ (2,200.00)	\$ (206.25)	\$ (206.25)	\$ (2,612.50)	-84%
KEARNEY	\$ 3,280.69	\$ (2,290.30)	\$ (206.25)	\$ (206.25)	\$ (2,702.80)	-82%
LINCOLN	\$ 2,932.00	\$ (2,158.16)	\$ (206.25)	\$ (206.25)	\$ (2,570.66)	-88%
MILLARD	\$ 3,019.77	\$ (2,178.27)	\$ (206.25)	\$ (206.25)	\$ (2,590.77)	-86%
NORFOLK	\$ 2,817.91	\$ (2,203.83)	\$ (206.25)	\$ (206.25)	\$ (2,616.33)	-93%
OMAHA	\$ 3,346.80	\$ (2,300.21)	\$ (206.25)	\$ (206.25)	\$ (2,712.71)	-81%
RALSTON	\$ 3,099.94	\$ (2,106.64)	\$ (206.25)	\$ (206.25)	\$ (2,519.14)	-81%
WESTSIDE	\$ 3,153.59	\$ (1,980.01)	\$ (206.25)	\$ (206.25)	\$ (2,392.51)	-76%

Breakdown of Proposed Legislation

Sections 1 – 8: Property Tax Growth Limitation Act.

- Caps county and city government growth by 0% or CPI, whichever is greater.
 - Allows for exceptions
 - § Public Safety and Public Health Exemption of up to 6% to fill key vacancies.
 - § New Growth Exemption
 - § Emergency Declaration Exemption
 - § Voter Approved Bonds
 - § Voter Approved Increases
- Lid on restricted funds is removed.
 - This provides more flexibility for local governments to finance their operations through non-property tax revenue.

Sections 9-12: School District Property Tax Relief Act

- Creates a new credit fund that will provide a new property tax credit to be applied against school taxes.
- When fully enacted, this will eliminate a Nebraskans general fund levy property tax liability from up to \$1.05 to \$0.
- Local School Districts will still be able to collect property taxes for physical infrastructure such as:
 - Voter Approved Bonded Indebtedness
 - Special Building Fund
 - Qualified Capital Purpose Undertaking Fund (QCPUF)

Sections 13-17: Creates the Advertising Tax

Taxes all forms of advertisement.

News media organizations are exempt from the tax.

Taxes will be assessed on advertisements that are purchase from companies that haver over \$1,000,000,000 of gross revenue.

Section 29: Updates to requirements for the Tax Expenditure Report.

Sin Tax changes:

- Creates a tax Pop and Candy (Page82/Line13)
- Creates a 30% tax on consumable hemp products. (Page57/Line25)
- Creates a 30% tax on vaping products. (Page115/Line25)
- Increases the Cigarette Tax by \$1.00. (Page54/Line25)
- Increase in Keno Tax from 2% to 5%. (Page17/Line10)
- Increase tax on spirits from \$3.75 to \$14.50. (Page24/Line23)
- Increases the tax on Games of Skill from 5% to 20%. (Page137/Line22)

Repeals the personal property tax on Agricultural and Manufacturing Machinery and Equipment. (Page39/Line17)

This new funding will be place in the Education Future Fund which will be used to pay for the new Credit Program to reimburse school taxes paid. (Page135/Line24)

Moves the school portion from the Property Tax Credit Act to the new credit fund. (Page117/Line28)

Includes intent language that the legislature will reevaluate the current TEEOSA formula and rewrite it for the 2026/27 school year. (Page132/Line12)

Repeals the Property Tax Income Tax Credit from LB1107 to “front load” the credit. (Page129/Line29)