

The background of the entire image is a photograph of the Nebraska State Capitol building, a large, ornate, light-colored stone structure with a prominent central dome and classical architectural details. It is situated on a green lawn with trees in the background under a clear blue sky. A red silhouette of the state of Nebraska is positioned above the main text.

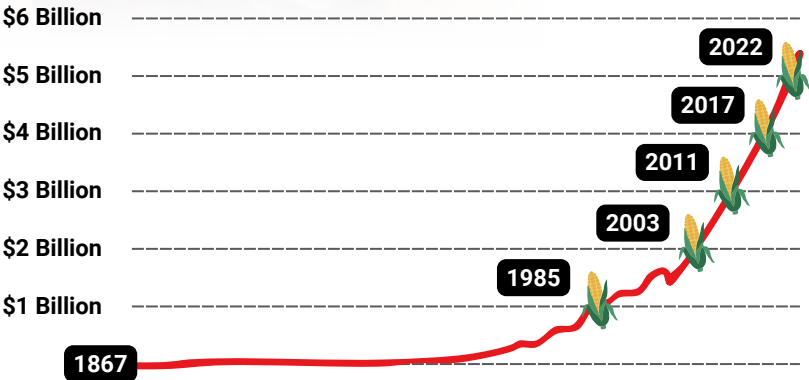
THE NEBRASKA PLAN TO CUT PROPERTY TAXES

THE PLAYBOOK



NEBRASKA FAMILIES
have been hurting for
GENERATIONS as
property tax collections
by local governments
spiral out of control.
THE PROBLEM IS
ACCELERATING.

HISTORICAL TOTAL LOCAL PROPERTY TAXES COLLECTED



It took the first 118 years of statehood for Nebraska to reach the first \$1 billion in total local property taxes collected, the next 18 years to reach the \$2 billion mark, eight years to reach \$3 billion, six years to reach \$4 billion, and only the next five years to hit the \$5 billion threshold.

**THIS CRISIS IS ON TRACK TO HIT THE
GRIM MILESTONE OF LOCAL PROPERTY TAXES
GROWING AT A TOTAL OF**

\$1 MILLION A DAY

FOR A TOTAL OF \$6 BILLION ANNUALLY, BY 2026.

**INCREASE IN PROPERTY TAXES
OVER THE PAST 10 YEARS**

Year	Total Taxes	% Change
2013	\$3,400,720,239	
2014	\$3,565,078,704	4.83%
2015	\$3,781,433,467	6.07%
2016	\$3,904,884,977	3.26%
2017	\$4,054,737,530	3.84%
2018	\$4,179,992,372	3.09%
2019	\$4,378,148,328	4.74%
2020	\$4,541,712,238	3.74%
2021	\$4,728,843,465	4.12%
2022	\$5,021,777,070	6.19%
2023	\$5,307,865,388	5.70%

From 2013 to 2023, property tax collections grew by nearly \$2 billion, a percentage increase of 56.08%. This is unfair to Nebraska homeowners and renters. You do not even need to own property to feel the negative impact of these increases.

The magnitude of this problem is such that there is no easy, silver bullet solution. We need to comprehensively and systematically fix this broken system.



HOME OWNERSHIP is a major engine for the creation of individual and family wealth. For many, it represents the **AMERICAN DREAM**. This dream is becoming unattainable for many with soaring property taxes and home insurance costs.

As valuations increase, money should be returned to the taxpayers by lowering the levy proportionately to reduce paying more in taxes rather than be a windfall for the local government. Homeowners should be the winners from greater home values, **NOT** the government. Every local government has overridden the statutes 100% of the time.

EXCESSIVE SPENDING

by local governments

is the **ROOT CAUSE**
of the problem, rather than

PROPERTY VALUATIONS

SPECIAL INTEREST TAX BREAKS

Nebraska's tax code is in desperate need of reform. Government at all levels in Nebraska collect revenue from three main sources of taxation: **PROPERTY, INCOME, and SALES TAXES**. Our sales tax code in particular has been a frequent target of special interest groups and lobbyists seeking exemptions and loopholes for **SPECIFIC INDUSTRIES**.

Our state currently exempts nearly \$7 billion from sales tax collections. Some of these exemptions make sense, like exemptions for food and medicine. But many of the others are only on the books due to a paid lobbyist who got the exemption passed when Nebraska had the money.

SALES TAX = YOU'RE IN CONTROL

You get to choose **WHAT** you purchase,
WHEN you purchase it, and **AT WHAT PRICE** you're willing to pay!

NEBRASKANS are not the only ones who pay into our sales tax system. Out-of-state travelers and visitors to Husker events, the College World Series, Henry Doorly Zoo, Sandhill Crane migration and more – they also make purchases that generate sales tax revenue.



NEBRASKA'S PLAN
for property tax reform has been
generated based on
STATEWIDE PUBLIC ENGAGEMENT
to gather ideas for
solving the property tax issue.

26 TOWNHALLS ACROSS

NEBRASKA

IN 56 DAYS!



“
Our retirement
funds will
NOT cover the
property taxes.
”

— “
As Nebraska homeowners since 1977 and retirees, we built our home four years ago in good faith that we would be able to remain living here in our final years. However, if our current tax levies remain in place, we will see another increase of 25 percent making our real estate taxes over \$15,000 per year. As retirees, we will find ourselves priced out of our homes with pending increases in our property insurance, Medicare, Supplemental and Part D premiums, personal property taxes, income taxes and of course IRS payments! We are fortunate that my husband retired after teaching 35 years in Papillion; however, because we paid into a pension, we are now penalized as we do not qualify for the Homestead Exemption.
” —



“
This tax situation is really a serious thing especially for the very small rancher. We are being taxed to the point where we are not going to be able to stay on our ranch any longer.
”



“
Just because we keep our house in decent shape doesn't mean that our pockets are filled with gold coins.
”



ALL LEVELS OF NEBRASKA'S GOVERNMENT HAVE A SPENDING PROBLEM.



HARD CAP ON PROPERTY TAX COLLECTION GROWTH OF 0% OR CONSUMER PRICE INDEX (CPI)

COMMONSENSE EXCEPTION FOR NEW BUILDINGS OR IMPROVEMENTS

- ✓ Nebraskans don't have the choice to arbitrarily increase their salaries. They must stick to a budget within their means, and so should their local government.
- ✓ Local governments should not be able to collect on valuation windfall increases. By providing for a CPI cap, we ensure homeowners are protected from 10-15% spikes, while ensuring we are adequately funding our local governments.
- ✓ Our plan implements a cap but has the flexibility to fund new growth within a community. This makes sense, because new houses and businesses create new demands for local government services. So, if a new building is built in your town, local governments should be able to collect taxes on that new investment.
- ✓ New growth only applies to new properties and improvements to existing properties. Meaning, your taxes will not go up because of arbitrary valuation increases if you make no significant changes or upgrades to your property.

CUTS IN STATE SPENDING TRANSLATE TO TAXPAYER RELIEF

For taxpayers to fully experience tax reform, **SPENDING NEEDS TO BE CUT** at **ALL LEVELS** of government. That is why **WE** are leading the way at the State level to tighten our belts. Our team has been hard at work identifying efficiencies. In total, we have cut \$350 million in state spending to help fund this transformational tax reform plan and finally put our state on a pathway to reduced spending. The State will also leverage an additional \$235 million in idle cash funds to support the Nebraska Property Tax Plan.

Local government spending has caused property taxes to balloon \$1 billion in five years. They are on track to increase by another \$1 billion in three years. To stop these out-of-control increases, the State must control property tax collections by local government by capping them. Nebraskans have flooded email boxes and voice mails with requests to put limits on government spending. The **NEBRASKA PLAN** includes a hard cap on local property tax collections.



**EXEMPTION FROM HARD
CAP FOR PUBLIC SAFETY
AND LAW ENFORCEMENT**

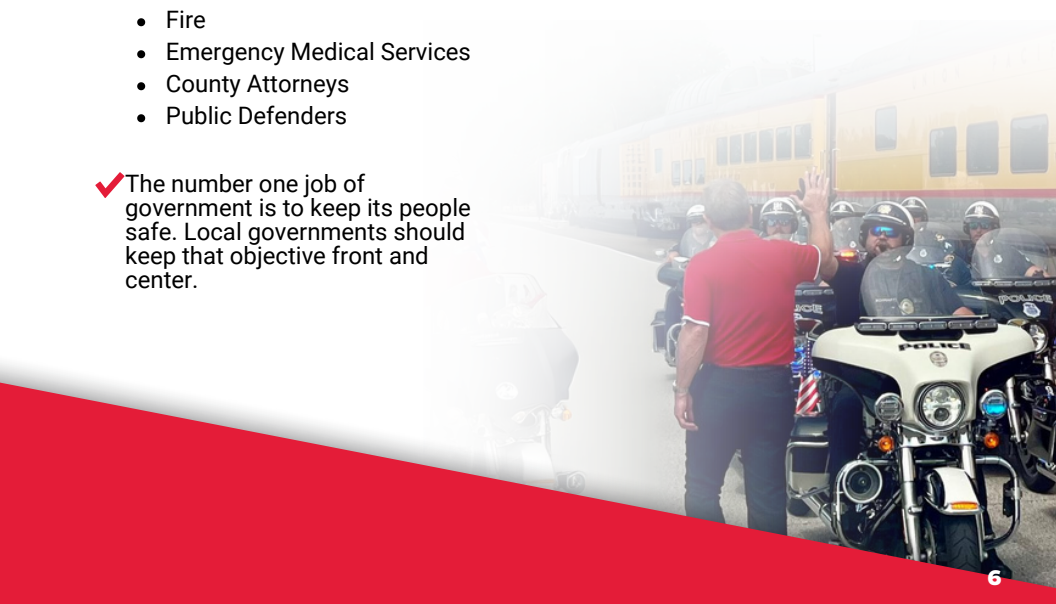
✓ Our police and firefighters are on the front lines daily keeping Nebraskans safe. Nebraskans ‘back the blue’ and our plan ensures that we protect key investments in the following public safety and criminal justice areas:

- Police
- Fire
- Emergency Medical Services
- County Attorneys
- Public Defenders

✓ The number one job of government is to keep its people safe. Local governments should keep that objective front and center.

**ONLY THE PEOPLE
CAN VOTE TO OVERRIDE
THE HARD CAP**

- ✓ If local governments want to collect more in property taxes, the people should decide.
- ✓ Our plan allows for local governments to exceed the cap with a vote of the people.



NEBRASKA'S PLAN

“

The Legislature shall provide for the free instruction in the common schools of this state of all persons between the ages of five and twenty-one years.

-Article VII-1 of the Nebraska Constitution

”



**THE JOB OF THE STATE
IS TO PAY FOR THE
EDUCATION OF OUR CHILDREN,
NOT LOCAL PROPERTY
TAXPAYERS.
THAT PRINCIPLE IS EMBEDDED
IN THE STATE'S CONSTITUTION.**

✓ **PROPERTY TAXES ATTRIBUTED TO EDUCATION**

In 2023, school districts collected \$3,090,270,647 in property taxes. Building off the success of the state funding the community colleges, the State must step up to pay for the cost of educating our kids. This will cut property taxes in half for many Nebraskans.

✓ **FUNDING BREAKDOWN**

The plan is simple. The State will cover the instruction of our kids, and local taxpayers will cover buildings and any physical assets. Three taxing programs would remain in place: Voter approved bond taxes, Special Building Tax, and the Qualified Capital Purpose Undertaking (QCPUF) Tax. These three taxes amount to \$497 million. That leaves \$2.6 billion to be covered by the State.

NEBRASKA'S PLAN

✓ PHASED-IN ELIMINATION OF THE LEVY

To ensure a smooth funding transition from local tax payers to the State, the plan calls for phasing in the property tax cut over three years. The current General Fund levy for school taxes is maxed out at \$1.05. We are proposing the following cut:

2023 Levy	2024 Levy	2025 Levy	2026 Levy
\$1.05	\$0.15	\$0.075	\$0.00

This action will reduce the amount by a further \$500 million. This leaves \$2,183,486,390 for the State to fund.

✓ EXISTING PROPERTY TAX PROGRAMS

The State has existing property tax relief programs that cover a portion of school taxes. However, the majority of dollars dedicated to these programs are too onerous and complex for many taxpayers to claim. In 2022, over half of Nebraska property taxpayers did not claim these benefits, defeating the purpose of the credits. These programs total \$898,135,000 and retooling them will ensure all Nebraskans will benefit from the tax relief passed by their representatives. Taking these retooled programs into account, \$1,285,351,390 remains for the State to fund.



NEBRASKA'S PLAN CONTINUED

✓ NEW REVENUE SOURCES TO FUND PROPERTY TAX RELIEF

In 2023, the State collected over \$3.6 billion in individual and corporate income taxes, \$2.3 billion in sales and use taxes, and \$5.3 billion in property taxes. To better balance Nebraska's three-legged tax stool, we must end special interest tax breaks and loopholes. This plan eliminates 114 tax exemptions, thus, bringing them on the tax rolls. This is good tax policy. It is fair to middle-class Nebraskans, and it will produce \$950 million in property tax relief.

The remaining amount will be covered by increasing sin taxes on cigarettes, candy, pop, vaping, spirits, keno gambling, games of skill, and consumable hemp. This will generate over \$200 million in property tax revenue when fully implemented. Compared to other states, Nebraska is behind in deciding to assess an appropriate tax on these items. This plan doesn't even cause Nebraska to rise to the top of state rankings for these items, but it will finally make us competitive.

✓ BACKSTOP TO PROTECT LOCAL CONTROL

Under our plan, no school district will go backwards in funding. If the State does not meet its obligation to local school districts, then the local districts will be able to levy property taxes to make up the difference.

✓ VOTE OF THE PEOPLE

If a local school district would like to receive more funding than what is provided, it can opt for a vote of the people to levy property taxes.



THIS PLAN **CUTS** **TAXES!** *FOR NEBRASKANS*

When implemented, Nebraska property owners will see a significant reduction on their property tax bill. Many will see their property taxes cut by more than half!

**TO SEE HOW YOUR PROPERTY
WILL BENEFIT FROM**

NEBRASKA'S PLAN

USE THE TOOL IN THE WEB LINK BELOW:

<https://bit.ly/3VViRyI>



*HOW CAN YOU
JOIN THE TEAM?*

**CALL
YOUR
STATE
SENATOR.**

THIS PLAN is transformational,
but it will be opposed by special
interests, lobbyists, and opponents
of property tax reform.

**ASK YOUR STATE SENATOR
TO VOTE FOR THIS PLAN!**



Jim Pillen
Governor of Nebraska



2024 NEBRASKA UNICAMERAL LEGISLATURE

ALPHABETICAL LIST

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CAPITOL MAILING ADDRESS:

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NEBRASKA'S PLAN

50% PROPERTY TAX CUT

MORE MONEY FOR PUBLIC SCHOOLS

PROTECTS POLICE

HARD CAP ON TAX COLLECTIONS

FUNDED BY RUNNING STATE
GOVERNMENT LIKE A BUSINESS

**THIS IS A TAX CUT
FOR NEBRASKANS**