

How Tax Modernization Committee options could impact 'Real Taxpayers'

Below is a chart to show how various tax change measures would affect our "Real Taxpayers of Nebraska." We examined scenarios in which the state would expand the sales tax to more services, increase state aid to local governments, enact a property tax circuit breaker, expand the state's property tax credit, cut the state's top personal income tax rate to 5.75 percent and exempt all Social Security income. The sales tax expansion we modeled would generate about \$150 million in revenue and each tax cut option except for the Social Security exemption would cost about \$150 million as well. Exempting all Social Security—which would only benefit George and Peggy—would cost the state about \$82 million. OpenSky recommends that the committee make comprehensive changes to the state's tax code that use a combination of increased state aid to local governments, taxation of more services and the use of a property tax circuit breaker.

		SALES TAX EXPANSION (Tax Increase)	INCREASED STATE AID (Tax Cut)	CIRCUIT BREAKER (Tax Cut)	PROPERTY TAX CREDIT EXPANSION (Tax Cut)	5.75% TOP RATE CUT (Tax Cut)	SOCIAL SECURITY EXEMPTION (Tax Cut)
DAN	Income: \$19,618 Renter	-\$91	\$0	\$485	\$0	\$0	\$0
FRITZ & BETH	Income: \$37,790 Renters Both retired	-\$169	\$0	\$571	\$0	\$0	\$0
STEVE & ANDREA	Income: \$66,545 Homeowners	-\$200	\$167	\$300	\$129	\$0	\$0
GEORGE & PEGGY	Income: \$108,255 Homeowners Peggy is retired	-\$229	\$51	\$0	\$63	\$362	\$1,985
CHRIS & JILL	Income: \$359,068 Homeowners	-\$387	\$209	\$0	\$162	\$2,985	\$0
DARREN & STEPHANIE	Income: \$2,715,877 Homeowners	-\$1,384	\$687	\$0	\$532	\$26,898	\$0

Learn more about our "Real Taxpayers of Nebraska" at www.openskypolicy.org/the-real-taxpayers-of-nebraska