



Clear thinking for
a stronger Nebraska

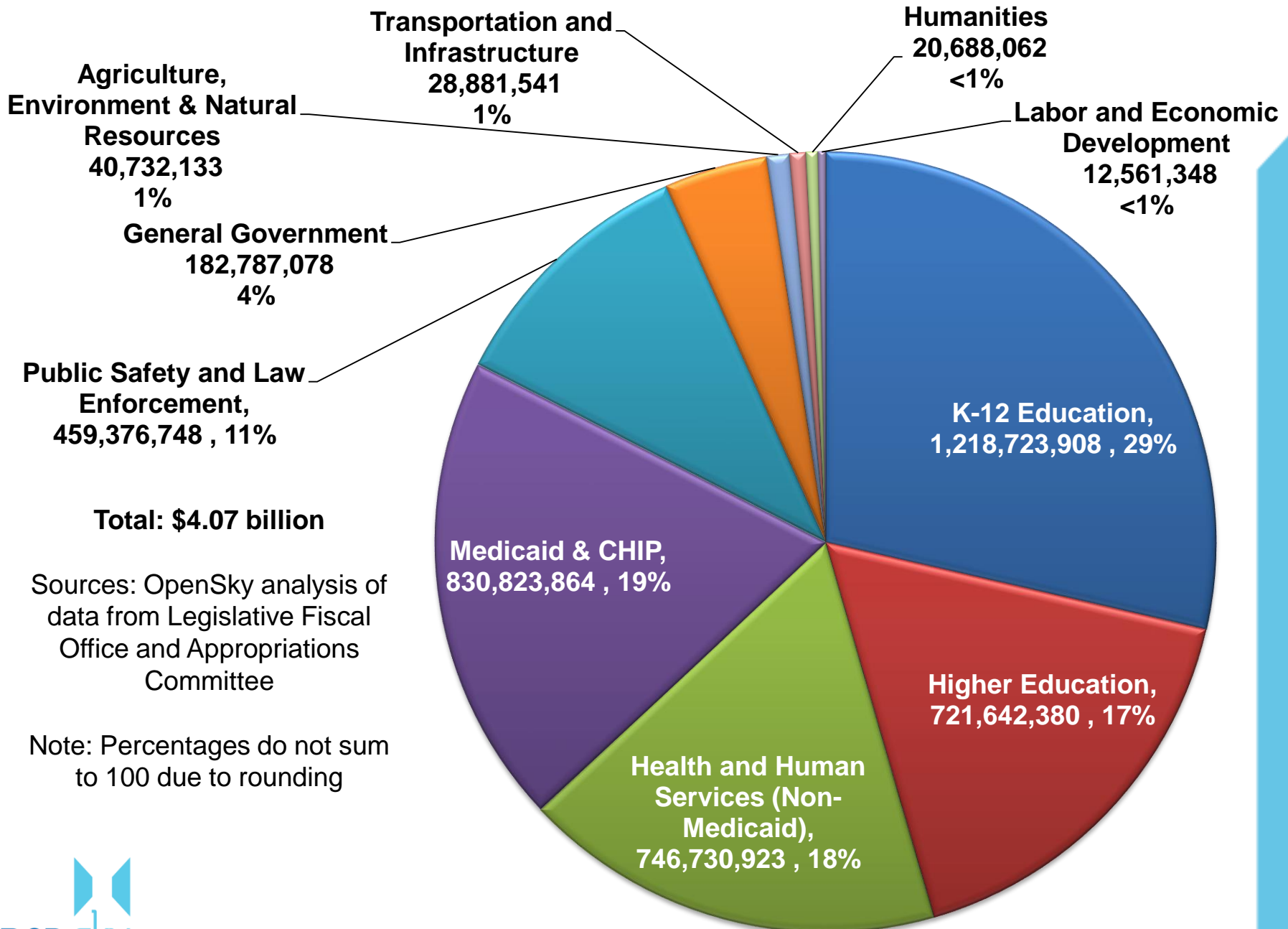
About OpenSky Policy Institute

We are a non-partisan think tank focused on fiscal policy in Nebraska.

Our mission is to improve opportunities for every Nebraskan by providing impartial and precise research, analysis, education, and leadership.

Education, Health Care Top Spending

Proposed General Fund Appropriations, FY 15-16



Total: \$4.07 billion

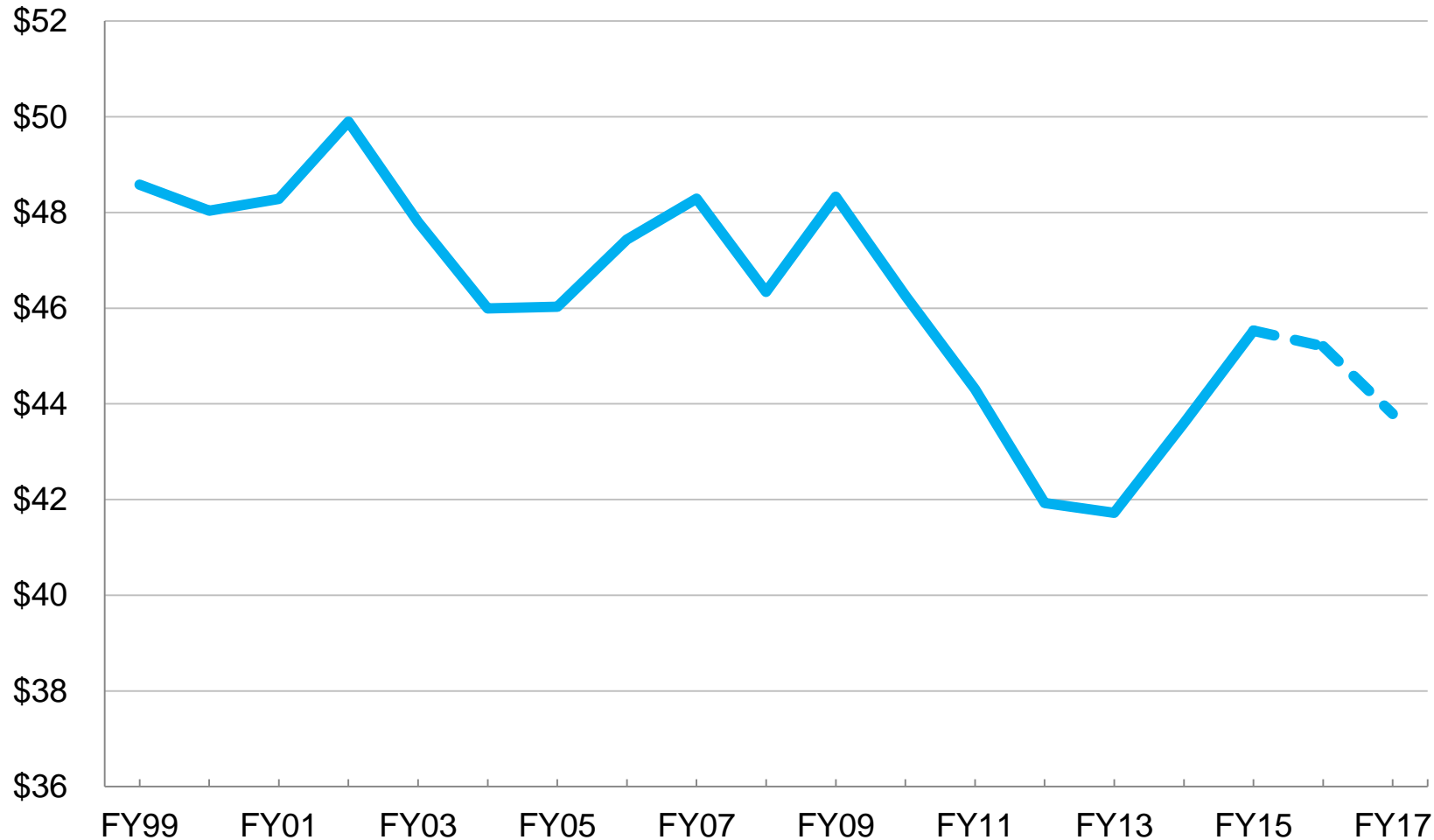
Sources: OpenSky analysis of data from Legislative Fiscal Office and Appropriations Committee

Note: Percentages do not sum to 100 due to rounding

General Fund Appropriations Have Declined

General Fund Appropriations per \$1,000 of NE Personal Income,
FY 98-99 to FY 16-17

Dashed line represents Appropriations Committee proposal April 2015

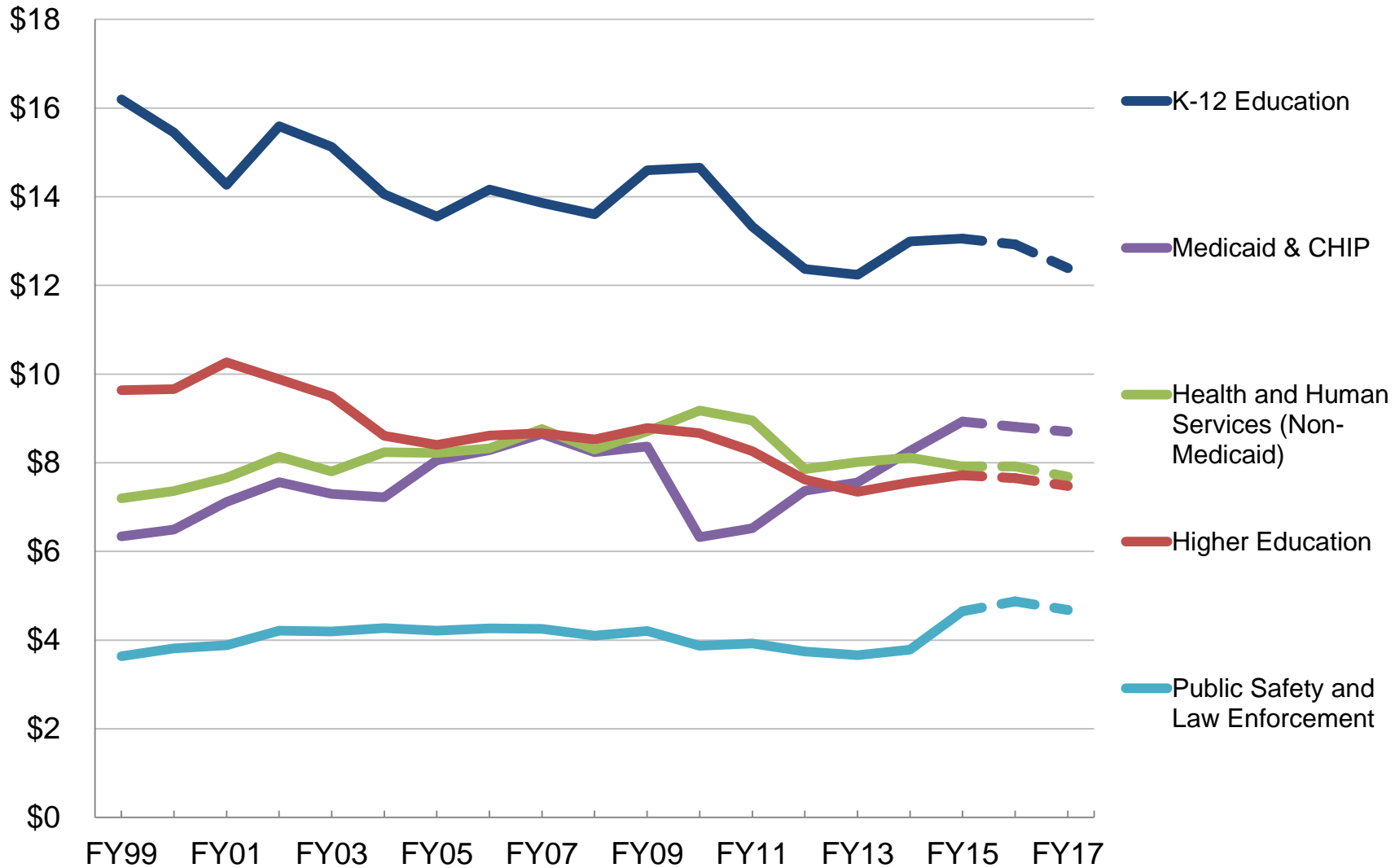


Sources: Department of Administrative Services Accounting Division, Legislative Fiscal Office, Nebraska Economic Forecasting Board, Congressional Budget Office, and US Bureau of Economic Analysis data.

Appropriations Trends in Major Budget Areas

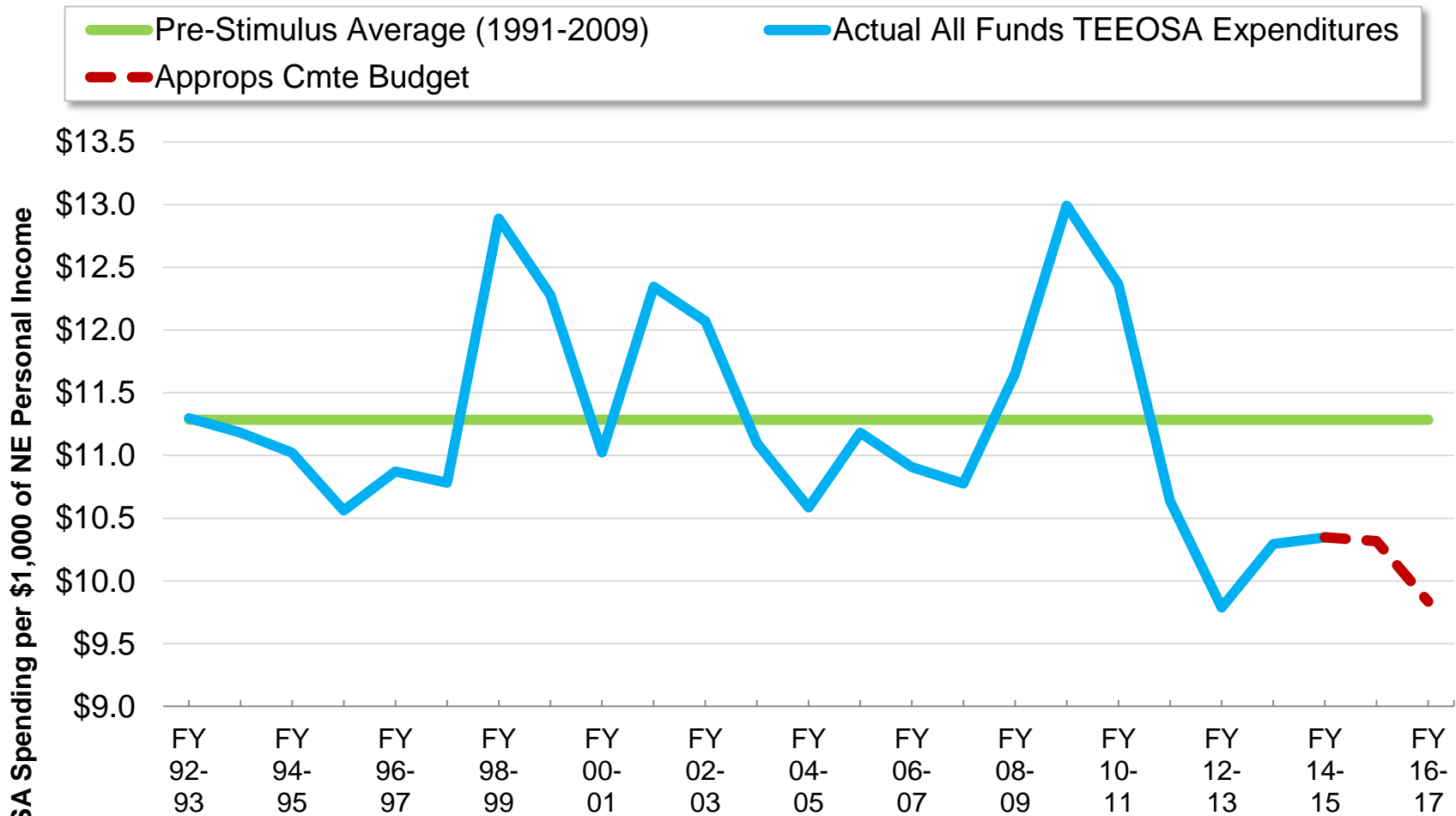
General Fund Appropriations per \$1,000 of NE Personal Income,
FY 98-99 to FY 16-17

Dashed line represents Appropriations Committee proposal April 2015



Sources: NE Legislative Fiscal Office, US Bureau of Economic Analysis, Governor's budget proposal

State's School Funding Commitment Below Historic Average

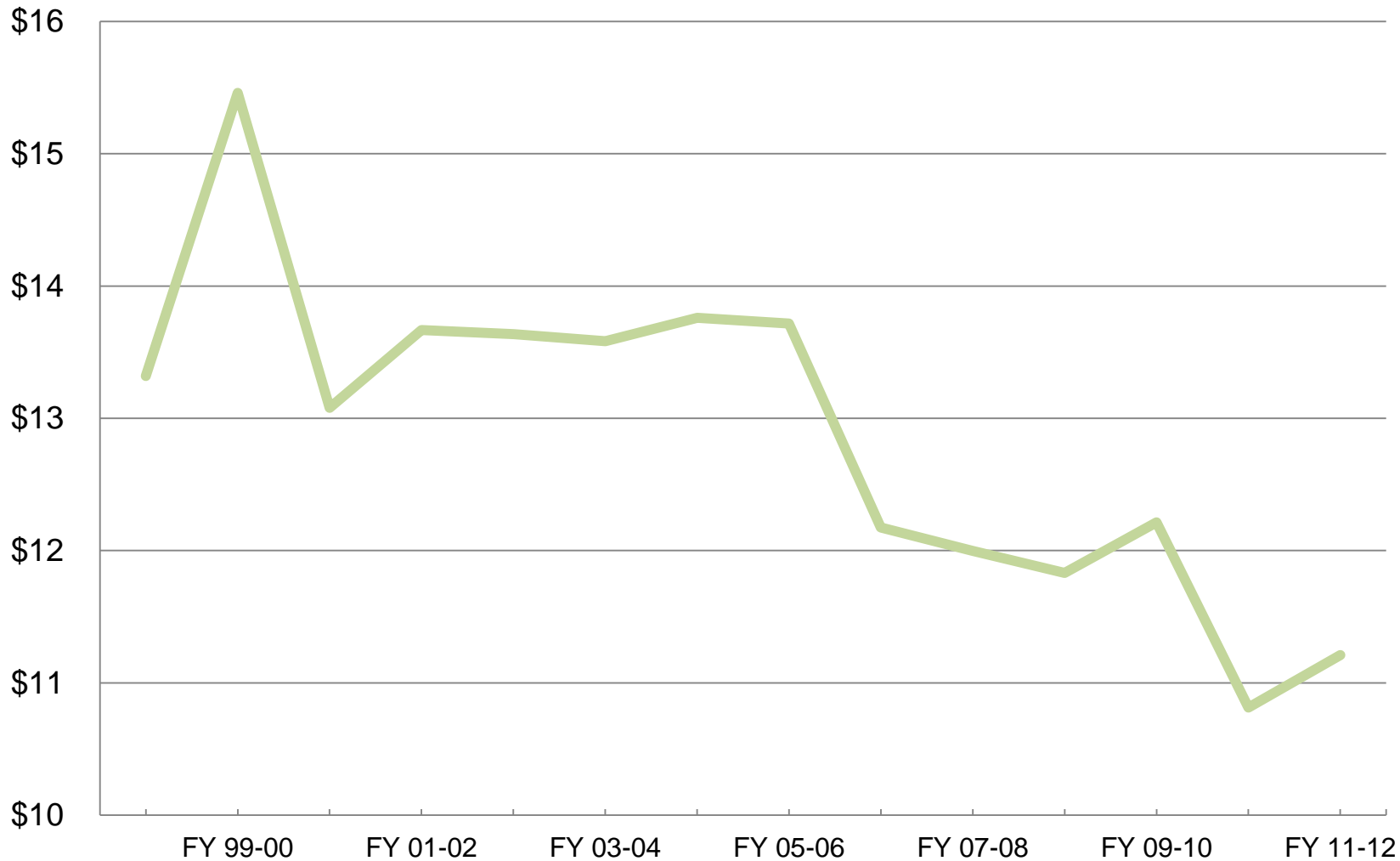


Sources: Spending data from Legislative Fiscal Office; Personal Income from US Bureau of Economic Analysis; Personal Income growth projections from Nebraska Economic Forecasting Advisory Board and Congressional Budget Office; Appropriations Committee Budget April 2015

Note: \$58.6 million in federal Education Jobs money is shown here in the year it was spent, FY12, rather than the year it was

Transportation and Infrastructure Spending has Declined

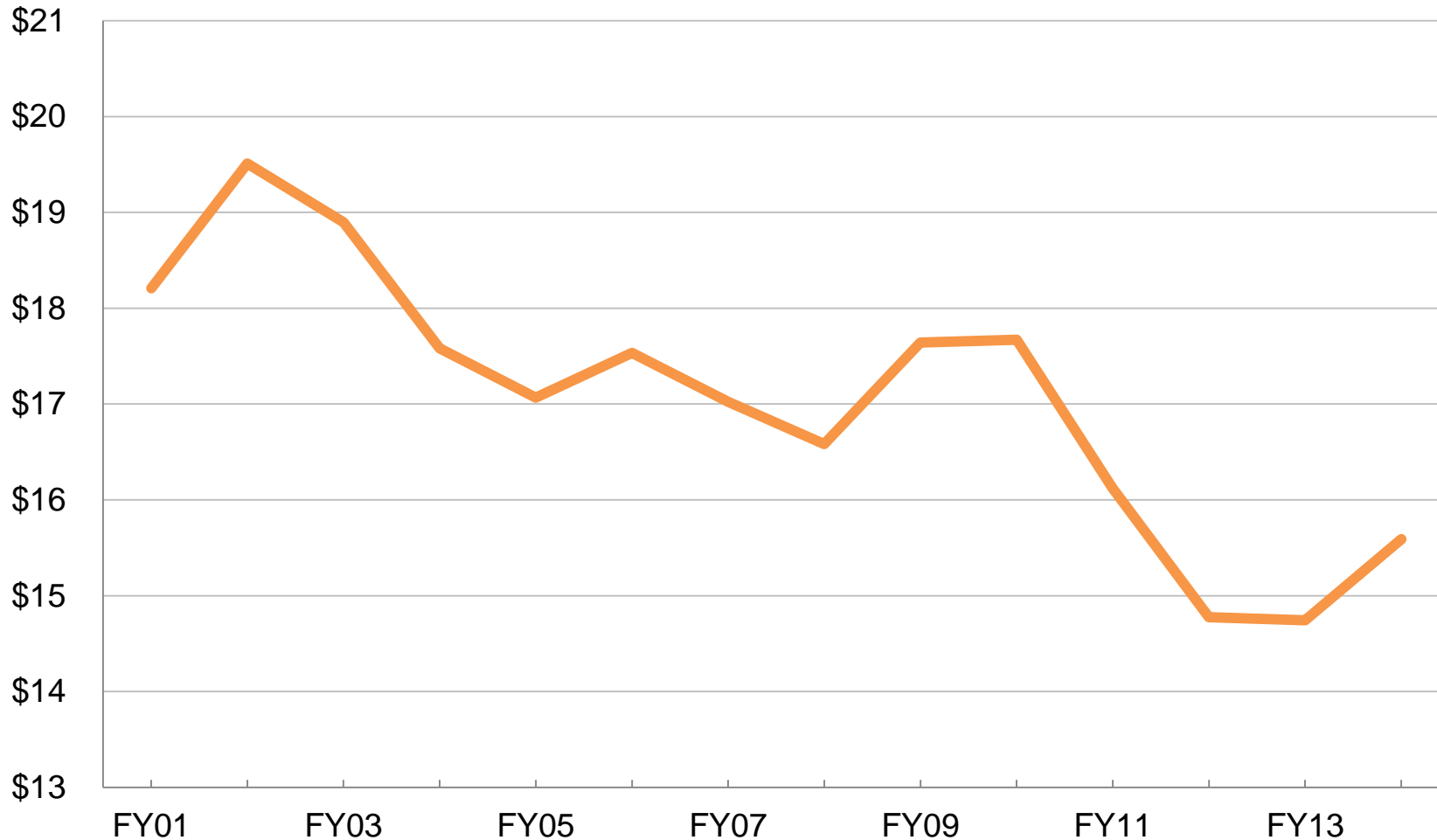
General and Cash Fund Expenditures
per \$1,000 of Nebraska Personal Income



Sources: OpenSky analysis of Department of Administrative Services Accounting Division, Legislative Fiscal Office, and US Bureau of Economic Analysis data.

State Support for Local Governments Declining

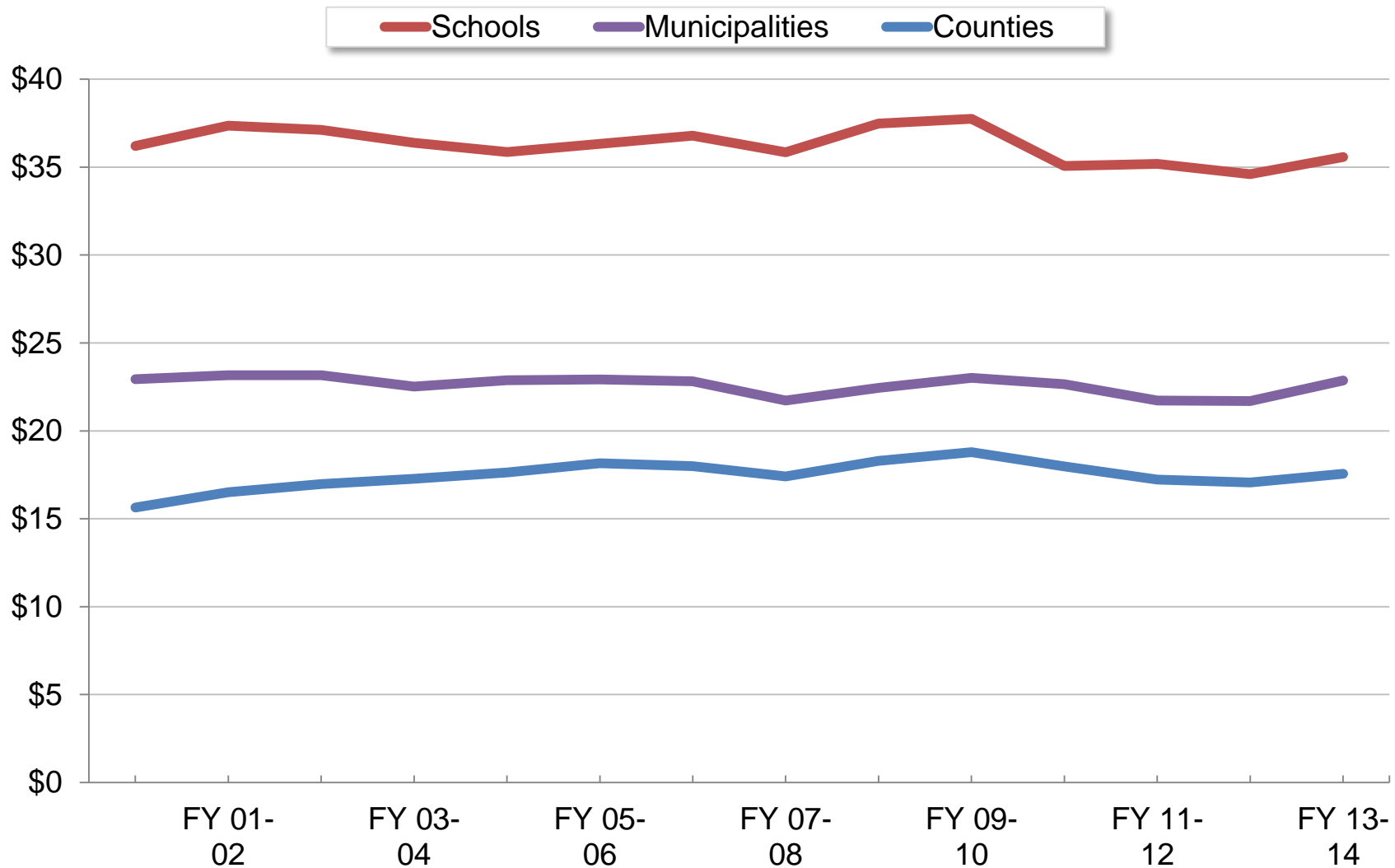
Aid* to Municipalities, Counties, and School Districts per \$1,000 of Nebraska Personal Income, FY 00-01 to FY 13-14



*This includes the following programs: all state aid to K-12 schools, State Aid to Cities, State Aid to Counties, State Prisoner Reimbursement, County Property Tax Relief, Insurance Premium Tax distributions, Motor Vehicle Fees, Highway Allocation and Incentive, Municipal Infrastructure Redevelopment Fund, and Municipal Equalization Aid. Includes federal stimulus funds used to replace state funds in the TEEOSA school aid formula. Sources: OpenSky analysis of State Auditor of Public Accounts local budgets, Legislative Fiscal Office, Department of Revenue, and US Bureau of Economic Analysis data.

Local Spending Flat in Recent Years

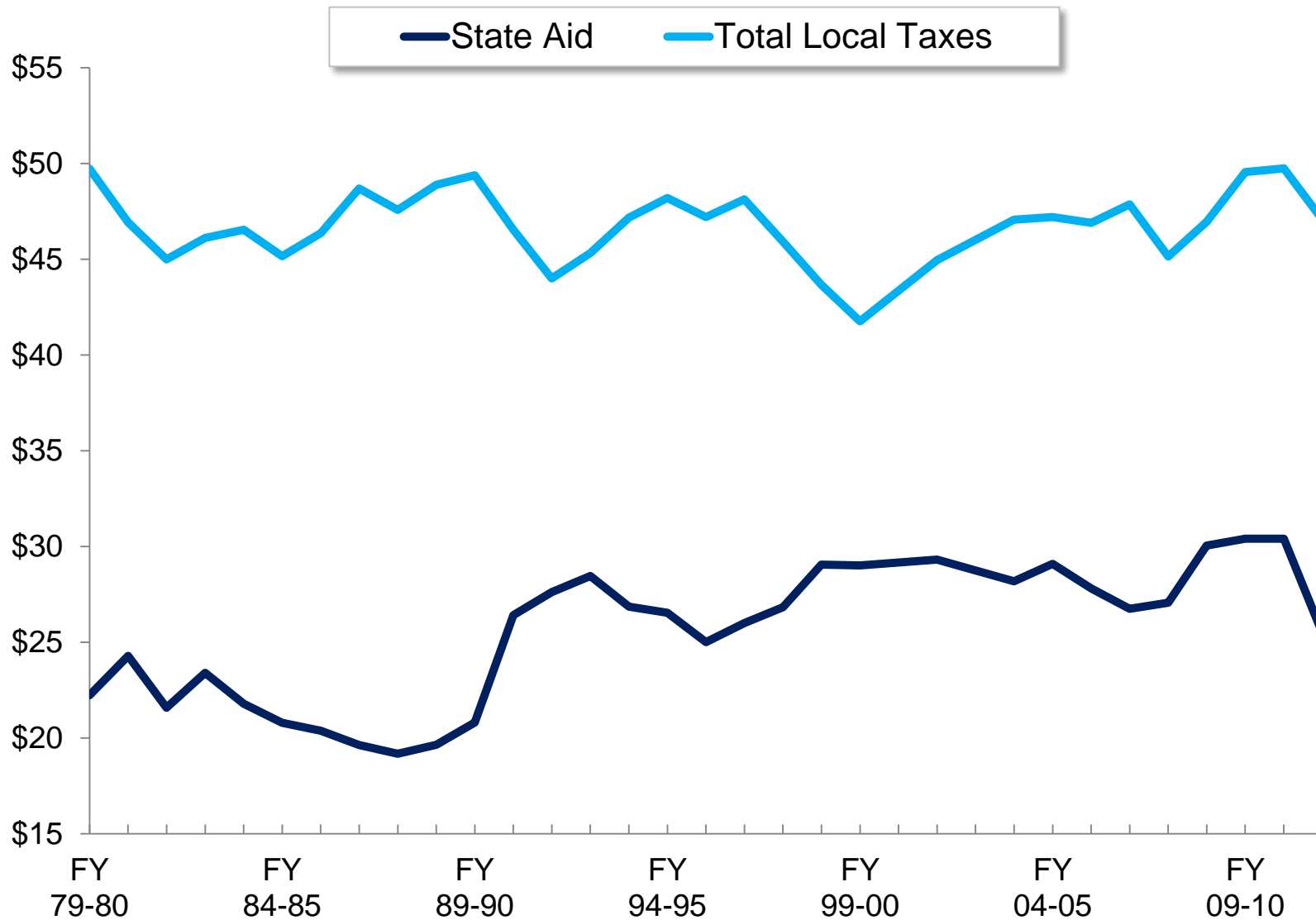
Local Spending per \$1,000 of Nebraska GDP, FY 00-01 to FY 13-14



Sources: Schools: Department of Education Annual Financial Reports. Counties and Municipalities: Auditor of Public Accounts Budget Data

State Aid and Local Taxes Have Mirrored Each Other

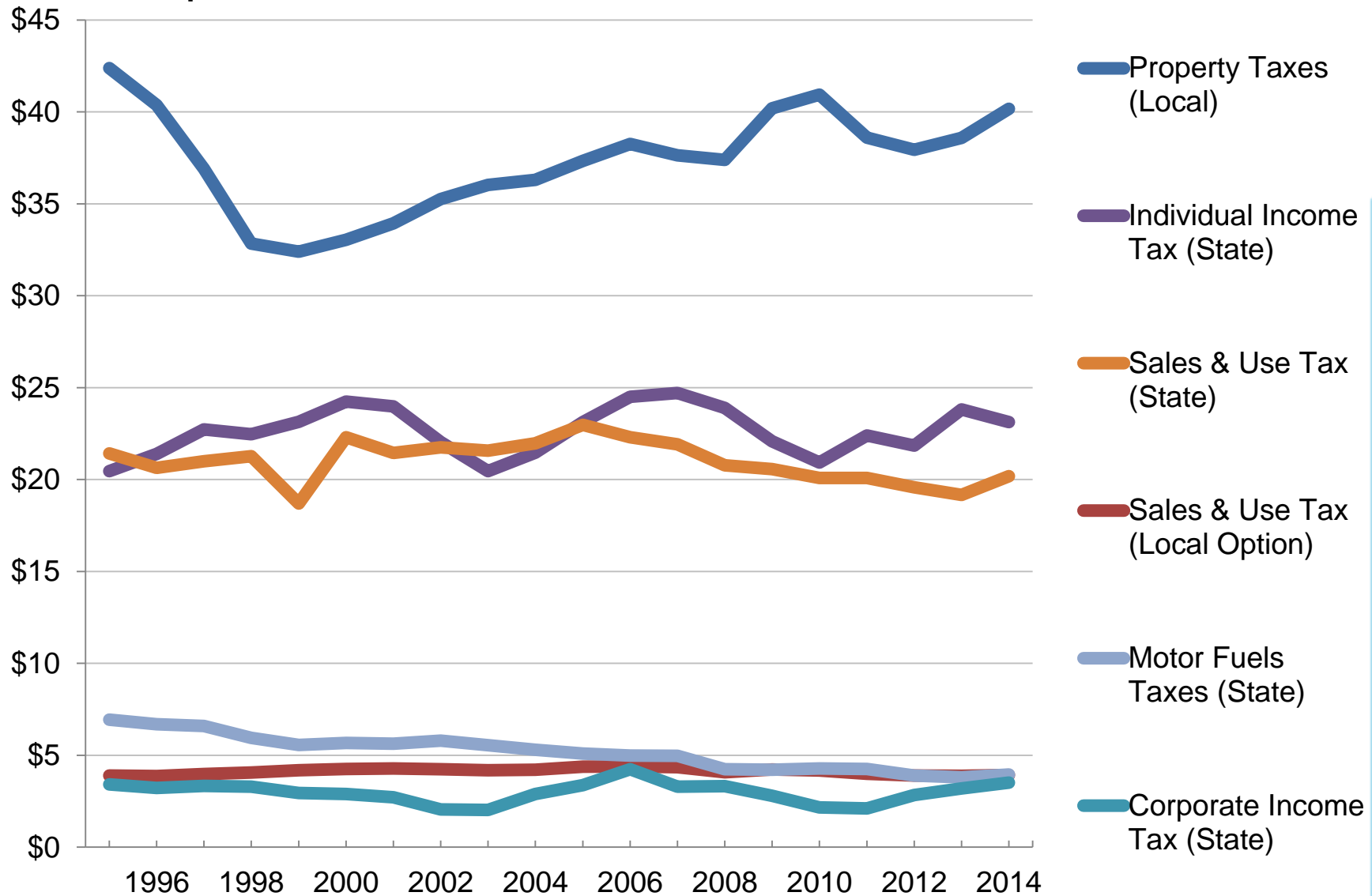
Aid and Taxes per \$1,000 of Nebraska Personal Income



Sources: US Census Bureau, *Survey of State & Local Governments*; US Bureau of Economic Analysis

Major State and Local Tax Revenues

Taxes per \$1,000 of Nebraska Personal Income, 1995-2014

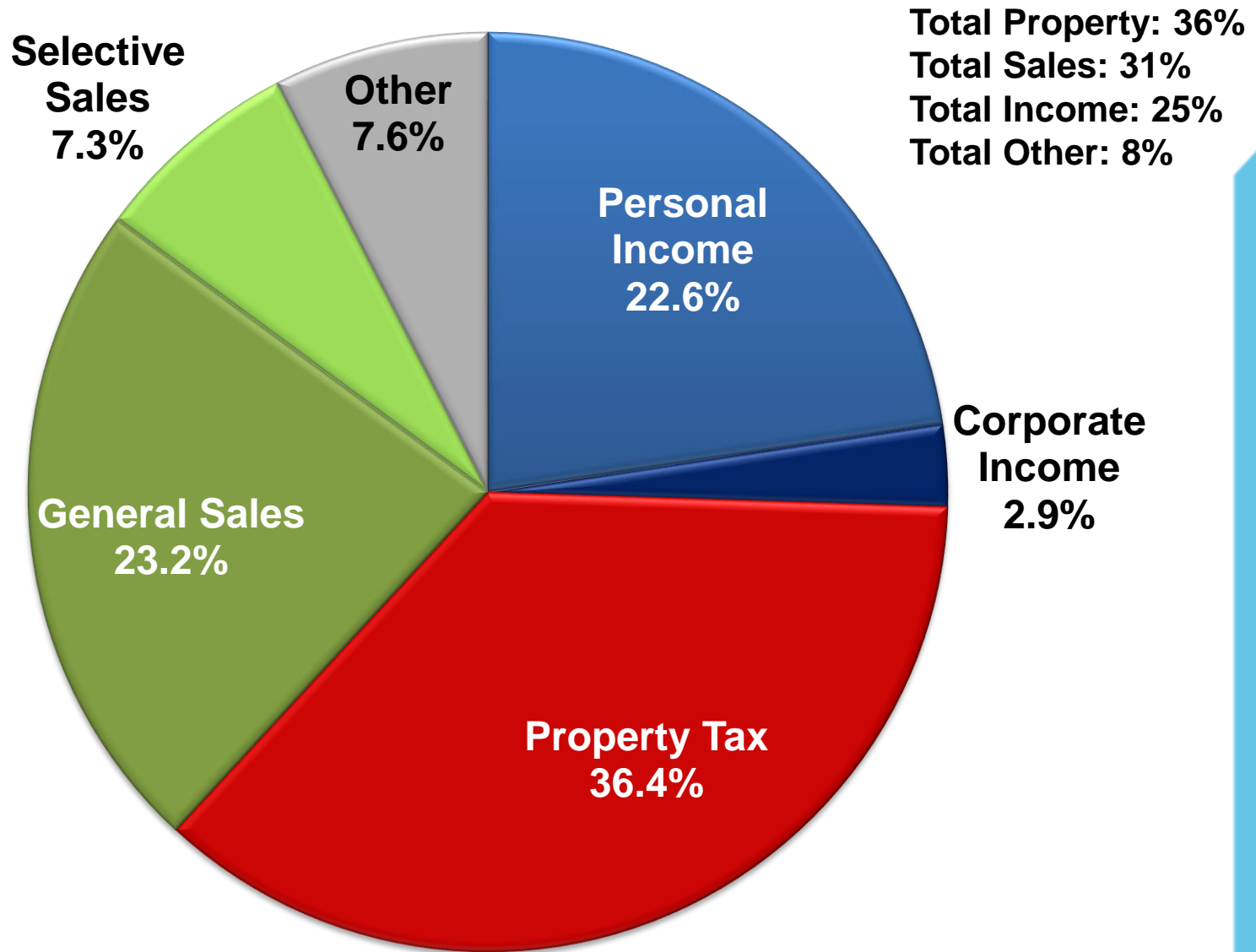


*State data are for fiscal years (2014 = FY 13-14); local data are for calendar years

Sources: Department of Administrative Services Accounting Division, *Annual Budgetary Reports*, and Department of Revenue

Nebraska's Three-Legged Stool

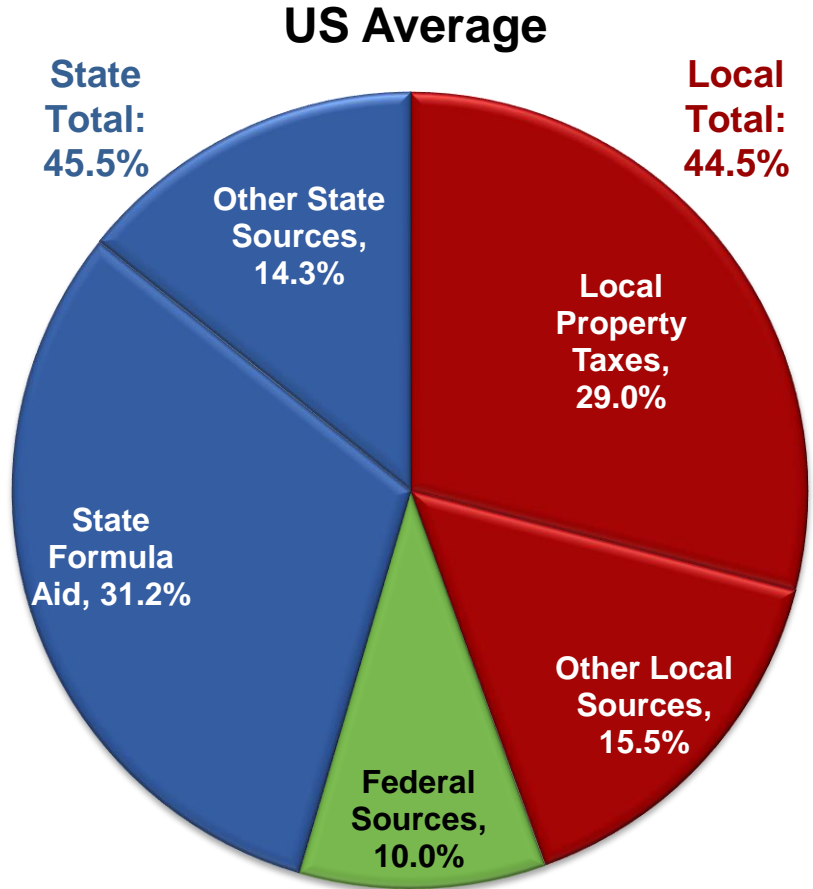
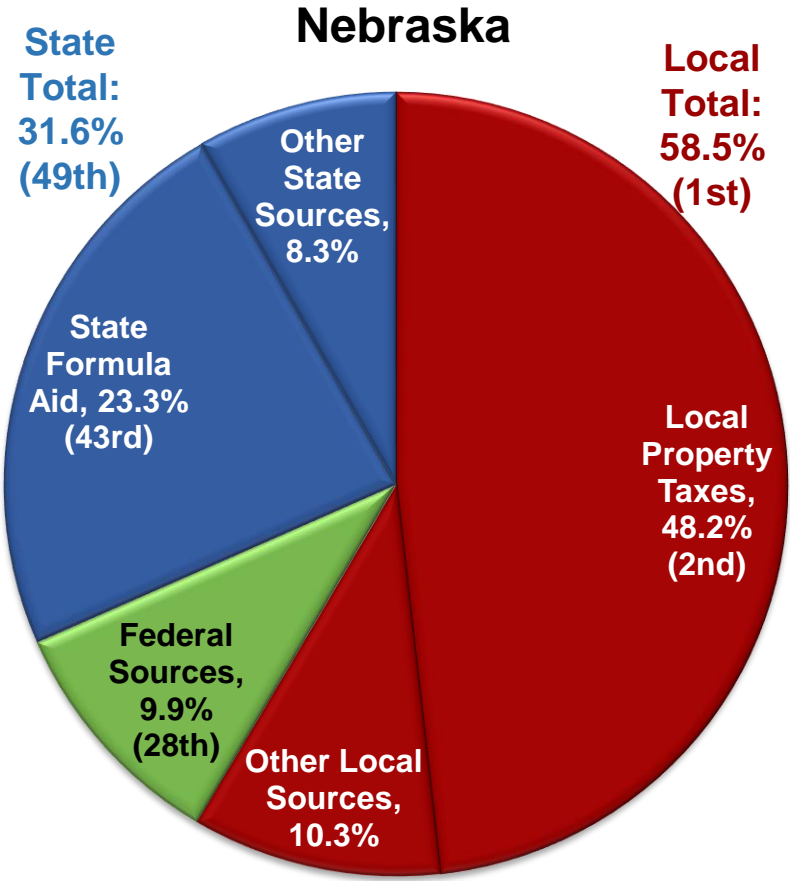
State and Local Taxes by Type, FY 11-12



K-12 Funding Relies Heavily on Property Taxes

- Every Nebraska tax study since 1962 has noted heavy reliance on property taxes and low level of state support for K-12.
- Point raised during debate on LB1059, and during the 2013 Tax Modernization Committee and Education Committee hearings.
- Nebraska ranked 49th nationally for the percentage of K-12 funded by state sources in 1990. Nebraska still ranked 49th in 2012.

How NE Compares to the National Average in Education Funding



Source: US Census Bureau, 2012 Annual Survey of School System Finances

NE not a high tax or spending state

Nebraska's Rankings:

- Taxes as Share of Economy: **26th**
- Taxes Per Capita: **20th**
- Spending as Share of Economy: **34th**
- Spending Per Capita: **25th**

How Nebraska Stacks Up

Business Climate

- 1st Lowest business tax costs for new firms (2012 Tax Foundation)
- 1st Best tax environment for new firms (2012 US Chamber of Commerce)
- 2nd Best economic climate (2014 Forbes)
- 2nd Best hiring climate (2014 Gallup)
- 3rd Best pro-business state (2014 Pollina Corporate Real Estate, Inc.)
- 3rd Best business friendliness (2014 CNBC)
- 4th top states for business (2014 CNBC)
- 6th Best for taxes and regulation (2012 US Chamber of Commerce)
- 7th Best state for business and careers (2014 Forbes)
- 8th Lowest business costs (2014 Forbes)
- 9th Best business climate (2014 Business Facilities Rankings Report)
- 29th Best business tax climate (2015 Tax Foundation)

Quality of Life

- 2nd Lowest unemployment rate (2014 US Bureau of Labor Statistics)
- 2nd Highest per capita income, adjusted for regional price parities (2014 Bureau of Economic Analysis)
- 7th Highest Well-Being index score (2014 Gallup)

Tax Cuts Over Last Decade

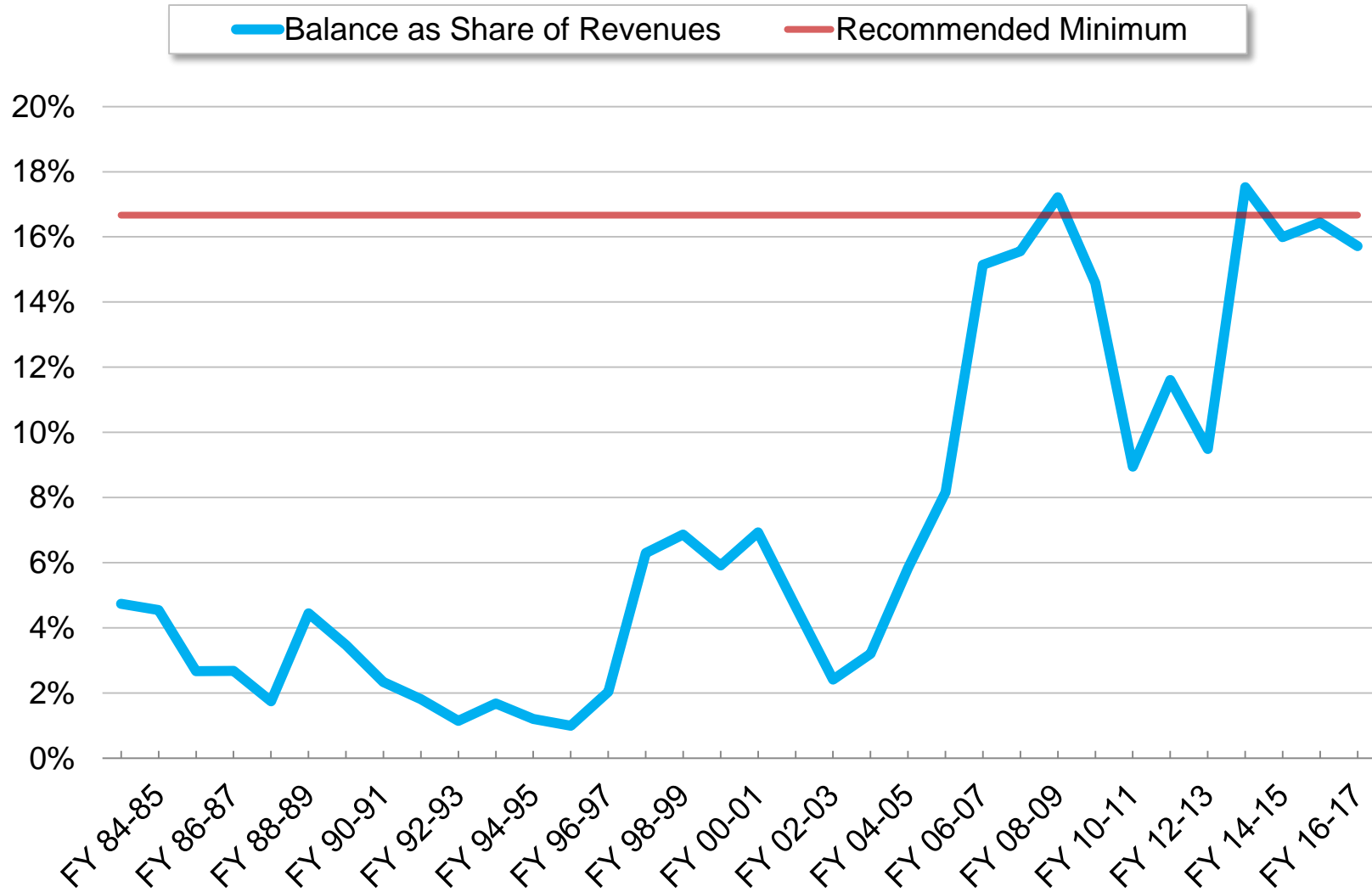
Major Tax Cuts Enacted 2005-2014

2015

	Sales Tax Total	Personal Income Tax Total	Corporate Income Tax Total	Estate Tax Total	Property Tax Total	Grand Total	Proposed Property Tax Credit Increase (Approps Cmte Budget)	Total including \$60m increase to Property Tax Credit Program
FY05	0	0	0	0	0	0	0	0
FY06	7,638,000	0	0	0	0	7,638,000	0	0
FY07	51,403,000	54,954,000	2,359,000	0	0	108,716,000	0	0
FY08	38,665,009	132,465,513	2,741,000	12,443,000	105,000,000	291,314,522	0	0
FY09	43,841,065	119,495,313	4,041,000	25,030,000	115,000,000	307,407,378	0	0
FY10	56,079,309	131,558,773	34,574,142	25,171,000	115,000,000	362,383,224	0	0
FY11	54,176,667	141,099,287	13,586,024	25,573,000	115,000,000	349,434,978	0	0
FY12	64,980,848	154,821,075	17,955,442	27,545,894	115,000,000	380,303,259	0	0
FY13	101,649,634	178,798,454	45,930,189	28,967,418	115,000,000	470,345,695	0	0
FY14	102,888,822	206,725,290	46,490,114	29,320,553	115,000,000	500,424,780	0	0
FY15	112,397,109	249,437,530	47,732,374	30,104,026	140,000,000	579,671,039	0	0
FY16	119,872,350	277,850,568	49,970,938	31,515,852	140,000,000	619,209,707	60,000,000	679,209,707
FY17	126,218,778	304,133,899	52,732,827	33,257,730	140,000,000	656,343,233	60,000,000	716,343,233
FY18	132,865,645	320,150,040	55,509,815	35,009,131	140,000,000	683,534,631	60,000,000	743,534,631
FY19	138,744,657	334,315,974	57,966,002	36,558,208	140,000,000	707,584,840	60,000,000	767,584,840
FY20	144,883,802	349,108,718	60,530,870	38,175,828	140,000,000	732,699,218	60,000,000	792,699,218
FY21	151,294,591	364,556,009	63,209,227	39,865,024	140,000,000	758,924,851	60,000,000	818,924,851
FY22	157,989,043	380,686,809	66,006,096	41,628,963	140,000,000	786,310,911	60,000,000	846,310,911
FY23	164,979,709	397,531,360	68,926,721	43,470,953	140,000,000	814,908,744	60,000,000	874,908,744
FY24	172,279,698	415,121,246	71,976,576	45,394,447	140,000,000	844,771,967	60,000,000	904,771,967

Rainy Day Fund Near Minimum Recommended Levels

Cash Reserve Fund Balance as Share of General Fund Budget,
FY 83-84 to FY 16-17



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