

The Real Taxpayers of Nebraska

OpenSky Policy Institute will examine how much people currently pay and what proposed tax changes would mean for these taxpayers, which are based on the 2017 tax information of real Nebraskans.



Darren and Stephanie are married, in their 60s and both work. They live in a house in Lincoln (Lincoln Public Schools) and their federal AGI is \$1,284,559 from wage, business, investment, retirement and other income.

They pay 7.73% of their income in Nebraska taxes:

- Nebraska taxable income: \$1,222,334
- State income tax – \$83,344 (6.82% of their income)
- Property tax – \$9,199 (0.75% of their income)
- Motor vehicle tax – \$688 (0.06% of their income)
- Sales tax – \$6,112 (0.5% of their income)⁴



George and Peggy are married, over 65, and live in a house in Humboldt (Humboldt Table Rock Steinauer School District). Their federal AGI is \$141,303 from farm income, investments, and retirement.

They pay 7.31% of their income in Nebraska taxes:

- Nebraska taxable income: \$126,103
- State income tax – \$6,649 (5.27% of their income)
- Property tax – \$1,426 (1.13% of their income)
- Motor vehicle tax – \$342 (0.27% of their income)
- Sales tax – \$2,144 (1.7% of their income)



Jane is divorced, employed with one dependent child, and lives in a trust-owned home in Lincoln (Lincoln Public Schools). Her federal AGI is \$4,943 from wage and other income.

She pays 8.12% of her federal AGI in Nebraska taxes:

- Nebraska taxable income: \$0
- State income tax: \$0
- Property tax: \$0²
- Motor vehicle tax: \$100 (2.02% of her federal AGI)³
- Sales tax: \$168 (3.4% of her federal AGI)



Fritz and Susan are married, retired, and lives in a rented house in Lincoln (Lincoln Public Schools). His federal AGI is \$15,025 from retirement income.

He pays 7.93% of his federal AGI in Nebraska taxes:

- Nebraska taxable income: \$0
- State income tax – \$0
- Property tax – \$902 (6.00% of his federal AGI)⁵
- Motor vehicle tax – \$100 (0.67% of his federal AGI)⁶
- Sales tax – \$511 (3.4% of their federal AGI)



Chris and Jill are married with two dependent children and live near Adams, where they rent farmland (Freeman Public Schools). Their federal AGI is \$81,989 from wage, farm and investment income.

They pay 13.99% of their income in Nebraska taxes:

- Nebraska taxable income: \$67,522
- State income tax – \$2,378 (3.52% of their income)
- Property tax – \$5,208 (7.71% of their income)
- Motor vehicle tax – \$161 (0.24% of their income)
- Sales tax – \$1,700 (2.52% of their income)⁸



Ken and Kim are married in their late 50s, live in a house in McCook (McCook Public Schools), and are self-employed. Their federal AGI is \$82,421 from business and investment income.

They pay 11.81% of their income in Nebraska taxes:

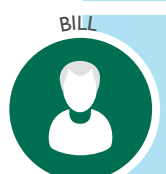
- Nebraska taxable income: \$68,471
- State income tax – \$2,707 (3.95% of their income)
- Property tax – \$4,477 (6.54% of their income)
- Motor vehicle tax – \$251 (0.37% of their income)
- Sales tax – \$1,506 (2.2% of their income)



Mike and Rebecca are married, in their 40s, with one child, and live near Hebron, where they rent farmland (Thayer Central Community Schools). Their federal AGI is \$108,596 from wage and farm income.

They pay 9.2% of their income in Nebraska taxes:

- Nebraska taxable income: \$95,873
- State income tax – \$4,450 (4.64% of their income)
- Property tax – \$3,626 (3.78% of their income)
- Motor vehicle tax – \$266 (0.28% of their income)
- Sales tax – \$1,630 (1.7% of their income)



Bill is widowed, retired, and owns a farm in Nance County (Twin River Public Schools). His federal AGI is \$765,835 from farm and investment income.

He pays 32.17% of his income in Nebraska taxes:

- Nebraska taxable income: \$767,660
- State income tax - \$52,376 (6.82% of his income)
- Property tax – \$193,114 (25.16% of his income)
- Motor vehicle tax – \$400 (0.05% of his income)
- Sales tax - \$3,838 (0.5% of his income)

1) Because Jane and Fritz both report \$0 in Nebraska taxable income, their taxes are expressed as percentages of their federal AGI. All other taxpayers' taxes are expressed as percentages of their Nebraska taxable income.

2) Jane does not pay property tax because she lives in a home owned by a trust, which covers the cost of property tax.

3) Estimate from tax preparer.

4) Imputed from average sales taxes paid per decile, see *Who Pays: A Distributional Analysis of the Tax Systems in All 50 States, 8th ed.*, from the Institute on Taxation and Economic Policy.

5) While renters do not pay property tax directly, we estimate Fritz and Susan's residential property tax paid as a percentage of their rent.

6) Estimate from tax preparer.

7) Property tax paid is on their place of residence and does not include the farmland they rent.

8) As reported on their tax returns.