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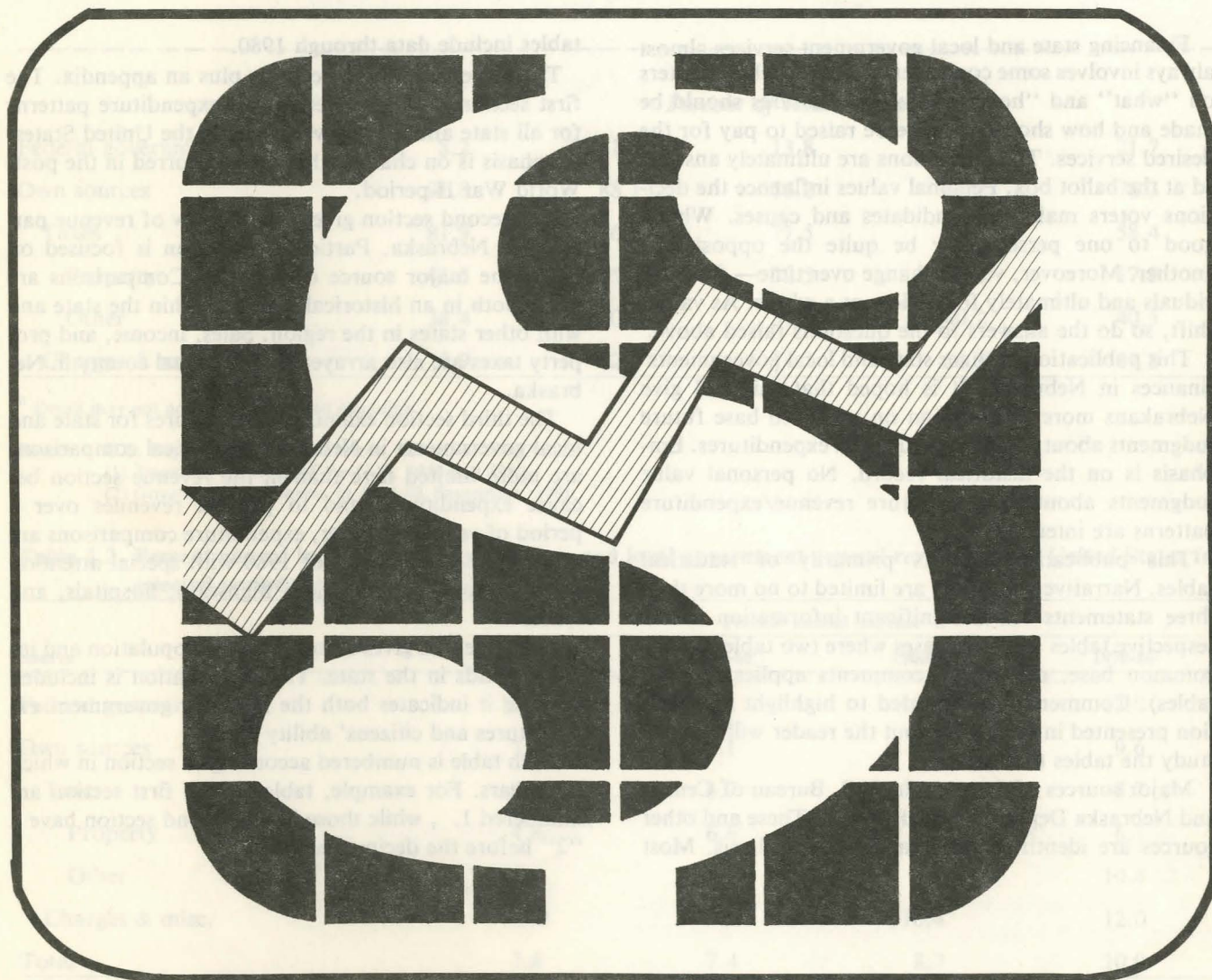
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# STATE AND LOCAL GOVERNMENT FINANCES IN NEBRASKA



Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Leo E. Lucas, Director of Cooperative Extension Service, University of Nebraska, Institute of Agriculture and Natural Resources.



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# STATE AND LOCAL GOVERNMENT FINANCES IN NEBRASKA

A. L. (Roy) Frederick  
and  
Bruce B. Johnson<sup>1/</sup>

## INTRODUCTION

Financing state and local government services almost always involves some controversy. Public debate centers on "what" and "how"—what expenditures should be made and how should revenue be raised to pay for the desired services. These questions are ultimately answered at the ballot box. Personal values influence the decisions voters make on candidates and causes. What's good to one person may be quite the opposite to another. Moreover, values change over time—for individuals and ultimately for society as a whole. As values shift, so do the answers to the questions raised above.

This publication outlines state and local governments' finances in Nebraska. It is hoped that this will give Nebraskans more information on which to base future judgments about public revenues and expenditures. Emphasis is on the historical record. No personal value judgments about past or future revenue/expenditure patterns are intended.

This publication consists primarily of statistical tables. Narrative comments are limited to no more than three statements about significant information in the respective tables (in a few cases where two tables have a common base, one set of comments applies to both tables). Comments are intended to highlight information presented in each table, but the reader will want to study the tables themselves.

Major sources of data are the U.S. Bureau of Census and Nebraska Department of Revenue. These and other sources are identified on a table-by-table basis. Most

tables include data through 1980.

There are three main sections plus an appendix. The first section outlines revenue and expenditure patterns for all state and local governments in the United States. Emphasis is on changes that have occurred in the post-World War II period.

The second section gives an overview of revenue patterns in Nebraska. Particular attention is focused on taxes, the major source of revenue. Comparisons are made both in an historical context within the state and with other states in the region. Sales, income, and property taxes are also arrayed by individual county in Nebraska.

The third section examines expenditures for state and local governments in Nebraska. Historical comparisons are more limited here than in the revenue section because expenditures tend to parallel revenues over a period of years. However, expenditure comparisons are made with other states for 1980 with special attention given to costs of education, highways, hospitals, and welfare.

The appendix gives an overview of population and income trends in the state. This information is included because it indicates both the need for government expenditures and citizens' ability to pay.

Each table is numbered according to section in which it appears. For example, tables in the first section are numbered 1. , while those in the second section have a "2" before the decimal point.

<sup>1/</sup> A.L. (Roy) Frederick is Extension Economist-Public Policy. Bruce B. Johnson is Associate Professor-Resource Economics.

**SECTION I**  
**Revenue and Expenditure Patterns for All**  
**State and Local Governments in the United States**

**Table 1.1. Sources of state and local government general revenue in the United States for selected years.<sup>a</sup>**

Source	1942	1950	1960	1970	1980
<i>Dollars per capita</i>					
Federal government	6	16	39	108	367
Own sources	71	122	242	536	1,321
Taxes	63	105	201	427	987
Property	33	48	91	168	302
Other	30	57	110	259	685
Charges & misc.	8	17	41	109	335
Total	77	138	281	644	1,688
<i>Percent of total revenue</i>					
Federal government	8.2	11.9	13.8	16.8	21.7
Own sources	91.8	88.1	86.2	83.2	78.3
Taxes	81.9	76.1	71.5	66.3	58.4
Property	43.5	35.1	32.5	26.1	17.9
Other	38.4	40.9	39.0	40.2	40.5
Charges & misc.	9.9	12.0	14.7	16.9	19.8

<sup>a</sup> Detail may not add to totals due to rounding.

Source: U.S. Departmental of Commerce, Bureau of the Census:  
 (1) *Statistical Abstract of the U.S., 1970 and 1980*;  
 (2) *Governmental Finances in 1979-80*, September, 1981.

**Table 1.2. Percent annual increase in sources of state and local government general revenue in the United States for selected periods.**

Source	Percent annual increase			
	1942-50	1950-60	1960-70	1970-80
Federal government	13.0	9.3	10.7	13.0
Own sources	7.0	7.1	8.3	9.6
Taxes	6.6	6.7	7.7	8.7
Property	4.8	6.6	6.6	6.1
Other	8.4	6.8	9.1	10.4
Charges & misc.	9.9	9.2	10.4	12.0
Total	7.6	7.4	8.7	10.0

Source: U.S. Department of Commerce, Bureau of the Census:  
 (1) *Statistical Abstract of the U.S., 1970 and 1980*;  
 (2) *Governmental Finances in 1979-80*, September, 1981.



### Highlights, Tables 1.1 and 1.2

1. In 1980, nearly 80% of the general revenue generated by state and local governments came from their own sources. However, because the federal government has increased the revenues being sent back to state and local governments, the percentage of revenues coming from the latter's own sources has declined consistently between 1942 and 1980.

2. Most state and local government revenue comes

from taxes. However, taxes, especially property taxes, have declined in relative importance since 1950. Charges and miscellaneous sources of revenue have increased as percentage of total revenue between 1942 and 1980.

3. With the exception of property taxes, annual increases for all major revenue sources were higher between 1970 and 1980 than during the previous decade.

**Table 1.3. Tax collections in the United States by level of government for selected years.<sup>a</sup>**

Year	Federal	State	Local	Total
<i>Millions of dollars</i>				
1902	513	156	704	1,373
1942	12,265	3,903	4,625	20,793
1950	35,186	7,930	7,984	51,100
1960	77,003	18,036	18,081	113,120
1970	146,082	47,962	38,833	232,877
1980	350,781	137,075	86,387	574,244
<i>Percent distribution</i>				
1902	38	11	51	100
1942	59	19	22	100
1950	69	15	16	100
1960	68	16	16	100
1970	63	20	17	100
1980	61	24	15	100

<sup>a</sup> Because of rounding, total may not add to 100%.

Source: U.S. Department of Commerce, Bureau of the Census;  
 (1) *Historical Statistics of the U.S.; Colonial Times to 1957*;  
 (2) *Statistical Abstract of the U.S., 1970 and 1980*;  
 (3) *Governmental Finances in 1979-80, September, 1981*.

### Highlights, Tables 1.3

1. Total tax collections have more than doubled *each* decade since 1950.

2. While most taxes continue to be collected at the federal level, the share of taxes collected by the federal

government declined between 1950 and 1980. State governments' share grew and local governments' remained about the same.

**Table 1.4. The tax mix in the United States for selected years—federal, state, and local government.**

Source of revenue	1902	1942	1950	1960	1970	1980
<i>Percent distribution</i>						
Individual income	—	17	32	38	44	50
Corporate income	—	24	22	20	16	14
Sales, gross receipts, and customs	38	28	26	22	21	19
Property	51	22	14	14	15	12
Other	11	9	6	6	4	5
Total	100	100	100	100	100	100

Source: U.S. Department of Commerce, Bureau of the Census:

(1) *Historical Statistics of the U.S., Colonial Times to 1957*;

(2) *Statistical Abstract of the U.S.*, 1970 and 1980;

(3) *Governmental Finances in 1979-80*, September, 1981.

### Highlights, Table 1.4

1. In 1980, individual income taxes accounted for half of all taxes collected in the United States.

2. The proportion of total taxes accounted for by the individual income tax grew steadily between 1950 and

1980 while corporate income and sales taxes consistently declined in importance. The pattern was mixed for property and "other" taxes.

**Table 1.5. The tax mix by levels of government in the United States for selected years.**

Level and source	1902	1942	1950	1960	1970	1980
<i>Percent distribution</i>						
<b>Federal</b>						
Individual income	—	26	45	53	62	70
Corporate income	—	39	30	28	23	18
Sales, gross receipts, and customs	95	28	22	16	13	9
Other	5	7	3	3	2	3
<b>State</b>						
Individual income	—	6	9	12	19	27
Corporate income	—	7	7	7	8	10
Sales and gross receipts	18	57	59	58	57	49
Property	53	7	4	3	2	2
Other	29	23	21	20	14	12



**Table 1.5. (Continued)**

Level and source	1902	1942	1950	1960	1970	1980
<i>Percent distribution</i>						
Local						
Individual and corporate income <sup>a</sup>	—	—	1	1	4	6
Sales and gross receipts	—	3	6	8	8	14
Property	89	92	88	87	85	76
Other	11	5	5	4	3	4

<sup>a</sup> For local governments, corporate income taxes are included with individual income taxes.

Source: U.S. Department of Commerce, Bureau of the Census:  
 (1) *Historical Statistics of the U.S., Colonial Times to 1957*;  
 (2) *Statistical Abstract of the U.S.*, 1970 and 1980;  
 (3) *Governmental Finances in 1979-80*, September, 1981.

### Highlights, Table 1.5

1. In 1980, the primary source of revenue at the federal level was the individual income tax. Corporate income and sales, gross receipts, and customs taxes have steadily declined in importance.

2. State governments were collecting primarily sales and gross receipts and individual income taxes in 1980. Though the latter are still less important than sales and gross receipts taxes, income taxes have been the fastest

growing source of revenue since 1950.

3. Property taxes are the primary tax for local units of government. In 1980, property tax receipts accounted for more than three-fourths of all local taxes collected. However, dependence on the property tax has decreased since 1950 as sales and gross receipts and individual income taxes have increased in importance.

**Table 1.6. State and local government general expenditures by function in the United States for selected years.**

Function	1902	1942	1950	1960	1970	1980
<i>Dollars per capita</i>						
Education	3.2	19.2	47.3	104.0	259.4	588.1
Highways	2.2	11.1	25.1	52.4	80.8	147.1
Welfare	0.5	9.1	19.4	24.5	72.2	201.1
Others	6.9	28.7	58.4	107.3	233.8	685.5
Total	12.8	68.1	150.2	288.2	646.2	1,621.8
<i>Percent of total expenditures</i>						
Education	25	28	32	36	40	36
Highways	17	16	17	18	13	9
Welfare	4	14	13	9	11	13
Others	54	42	38	37	36	42
Total	100	100	100	100	100	100

Source: Tax Foundation, Inc., *Facts and Figures on Government Finance*, 1979; U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1979-80*, September, 1981.

### Highlights, Table 1.6

1. The single largest expenditure for state and local governments is for education; expenditures per capita have more than doubled each decade since 1950.

2. Highways and welfare are the other two large ex-

penditure categories. While both have increased on a per capita basis over a long period of time, expenditures for welfare have grown at a faster pace than highways since 1960.

**Table 1.7. Percent annual increase in state and local government general expenditures per capita by function in the United States for selected periods.**

Function	Percent annual increase				
	1902-42	1942-50	1950-60	1960-70	1970-80
Education	4.6	11.9	8.2	9.6	8.7
Highways	4.1	10.8	7.7	4.1	6.2
Welfare	7.5	9.9	2.3	11.6	10.8
Others	3.6	9.3	6.1	8.1	11.3
All functions	4.3	10.4	6.6	8.4	9.6

Source: Tax Foundation, Inc., *Facts and Figures on Government Finance*, 1979; U.S. Department of Commerce, Bureau of the Census, *Government Finances in 1979-80*, September, 1981.

#### Highlights, Table 1.7

1. The largest annual percentage increases in state and local government general expenditures between 1970 and 1980 were for welfare and other non-identified outlays.

2. Between 1970 and 1980, annual percentage increases in education expenditures fell short of increases

in all expenditure functions—for the first time in this century.

3. Annual percentage increases in highway expenditures have been lagging behind the average for all functions since 1960.

**Table 1.8. Gross national product, taxes, and direct general expenditures of state and local governments in the United States—1950 to 1980.**

Indicator	Year <sup>a</sup>			
	1950	1960	1970	1980
1) GNP (\$ billions)	286	506	993	2626
2) All taxes (\$ billions) (federal, state, local)	51	113	233	574
3) State and local taxes (\$ billions)	15	36	87	224
4) State and local taxes per capita (\$)	105	201	427	987
5) State and local taxes per \$1,000 of personal income (\$)	70	90	117	116
6) State and local direct general expenditures (\$ billions)	23	52	131	369
7) State and local direct general expenditures per capita (\$)	150	288	646	1622
8) State and local direct general expenditures per \$1,000 of personal income (\$)	111	135	174	190

<sup>a</sup>/ GNP data are for calendar years; all other indicators are for fiscal years.

Source: *Economic Report of the President*, January 1981.  
U.S. Department of Commerce, Bureau of the Census:  
(1) *Statistical Abstract of the United States*, 1977;  
(2) *Governmental Finances in 1979-80*, September, 1981.



**Table 1.9. Comparisons of increases in gross national product, taxes, and direct general expenditures of state and local governments in the United States—1950 to 80.**

Indicator	Percent annual increase		
	1950-60	1960-70	1970-80
1) GNP	5.9	7.0	10.2
2) All taxes (federal, state, local)	8.3	7.5	9.5
3) State and local taxes	9.2	9.1	9.9
4) State and local taxes per capita	6.7	7.8	8.7
5) State and local taxes per \$1,000 of personal income	2.6	2.7	-0.1
6) State and local direct general expenditures	8.6	9.7	10.9
7) State and local direct general expenditures per capita	6.7	8.4	9.6
8) State and local direct general expenditures per \$1,000 of personal income	2.0	2.6	0.9

Source: *Economic Report of the President*, January 1981.  
U.S. Department of Commerce, Bureau of the Census:  
(1) *Statistical Abstract of the United States*, 1977;  
(2) *Governmental Finances in 1979-80*, September, 1981.

#### Highlights, Tables 1.8 and 1.9

1. State and local taxes, both on a total per capita basis, increased at a more rapid rate between 1970 and 1980 than in the previous two decades. However, during the 1970-80 period, taxes did not grow as rapidly as the Gross National Product (GNP), and state and local taxes per \$1,000 of personal income actually declined.

ditures, both on a total and per capita basis, increased at a more rapid rate between 1970 and 1980 than in the previous two decades. However, expenditures per \$1,000 of personal income increased at only a 0.9% annual rate in the 1970-80 period, a slower pace than for the two immediately preceding decades.

2. State and local governments' direct general expen-

## SECTION II

### Overview of Revenue Patterns

**Table 2.1. Total general revenue of state and local governments, Nebraska and adjacent states, fiscal years, 1970 and 1980.**

Geographic area and year	Total revenue (millions of dollars)	Revenue per capita	Revenue per \$1,000 personal income	Annual Percentage increase: 1970-80	
				Per capita	Per \$1,000 income
United States					
1970	130,756	\$ 644	\$ 176		
1980	382,322	1,688	198	10.1	1.2
NEBRASKA					
1970	911	614 (27)	174 (30)		
1980	2,627	1,673 (25)	192 (34)	10.6	1.0
Colorado					
1970	1,471	666 (19)	194 (18)		
1980	5,066	1,754 (20)	200 (28)	10.2	0.3

**Table 2.1. (Continued)**

Geographic area and year	Total revenue (millions of dollars)	Revenue per capita	Revenue per \$1,000 personal income	Annual Percentage increase: 1970-80	
				Per capita	Per \$1,000 income
Iowa					
1970	1,797	636 (26)	182 (26)		
1980	4,747	1,630 (26)	187 (37)	9.9	0.3
Kansas					
1970	1,365	607 (28)	169 (35)		
1980	3,736	1,581 (30)	171 (46)	10.1	0.1
Missouri					
1970	2,450	524 (39)	152 (46)		
1980	6,588	1,340 (40)	164 (48)	9.9	0.8
South Dakota					
1970	434	651 (23)	217 (10)	9.4	-0.1
1980	1,107	1,604 (29)	215 (7)		
Wyoming					
1970	297	894 (3)	277 (2)	11.7	0.3
1980	1,278	2,712 (3)	286 (3)		

Source: U.S. Department of Commerce, Bureau of the Census:

(1) *Governmental Finances in 1969-70*, September, 1971;

(2) *Governmental Finances in 1979-80*, September, 1981.

(Figures in parentheses are the State's rank among the 50 states and the District of Columbia.)

### Highlights, Table 2.1

1. In 1980, general revenue of state and local governments in Nebraska was less than the national average on both a per capita basis and per \$1,000 of personal income. However, between 1970 and 1980, revenue on a per capita basis increased slightly faster than the national average. Revenue per \$1,000 income in Nebraska did not keep pace with the national average during the same period.

2. When compared to adjacent states, Nebraska's revenue per capita in 1980 was higher than all other states except Wyoming and Colorado.

3. When compared to adjacent states, Nebraska's revenue per \$1,000 of personal income in 1980 was higher than Missouri, Kansas, and Iowa but lower than Wyoming, South Dakota, and Colorado.

**Table 2.2. Per capita sources of general revenue of state and local governments, Nebraska and selected states, fiscal year 1980.<sup>a</sup>**

Area	Total	Federal aid	Taxes		Charges and misc.
			Property	Other	
U.S. average	\$1,688	\$367	\$302	\$684	\$355
NEBRASKA	1,673 (25)	301 (46)	401 (11)	563 (35)	409 (12)
Colorado	1,754 (20)	346 (33)	329 (21)	660 (20)	418 (11)
Iowa	1,630 (26)	314 (40)	360 (17)	607 (25)	348 (22)
Kansas	1,581 (30)	311 (42)	366 (15)	561 (36)	344 (25)
Missouri	1,340 (45)	337 (36)	215 (37)	544 (39)	244 (47)
South Dakota	1,604 (29)	458 (11)	351 (19)	438 (50)	358 (17)
Wyoming	2,712 (3)	585 (3)	552 (3)	848 (7)	728 (2)

<sup>a</sup> Detail may not add to total due to rounding.

Source: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1979-80*, September, 1981.

(Figures in parentheses are the state's rank among the 50 states and the District of Columbia.)



### Highlights, Table 2.2

1. Among the major sources of revenue, state and local units of governments in Nebraska collected more per capita in property taxes and charges and miscellaneous revenues than the average state in 1980. However, other tax collections and federal aid were less than average. In fact, Nebraska ranks among the bottom five in per capita federal aid.

2. Only Wyoming among the adjacent states col-

lected more per capita in property taxes in 1980. Both Wyoming and Colorado collected more per capita in charges and miscellaneous revenues. Wyoming, Colorado, and Iowa collected more in non-property taxes per capita than Nebraska.

3. Nebraska ranked below all adjacent states in federal aid per capita received in 1980.

**Table 2.3. Sources of state and local government revenue, per \$1,000 personal income, Nebraska and adjacent states, fiscal year 1980.<sup>a</sup>**

Area	Total	Federal aid	Taxes		Charges and misc.
			Property	Other	
U.S. average	\$198	\$43	\$36	\$80	\$39
NEBRASKA	192 (34)	35 (45)	46 (14)	65 (44)	47 (17)
Colorado	200 (28)	40 (38)	38 (21)	75 (29)	48 (15)
Iowa	187 (37)	36 (44)	41 (18)	70 (39)	40 (31)
Kansas	171 (46)	34 (46)	40 (19)	61 (47)	37 (38)
Missouri	164 (48)	41 (34)	26 (38)	67 (42)	30 (45)
South Dakota	215 (17)	62 (8)	47 (10)	59 (50)	48 (14)
Wyoming	286 (3)	62 (7)	58 (4)	89 (12)	77 (4)

<sup>a</sup> Detail may not add to totals due to rounding.

Source: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1979-80*, September, 1981. (Figures in parentheses are the state's rank among the 50 states and the District of Columbia.)

### Highlights, Table 2.3

1. In 1980, state and local government revenue per \$1,000 of personal income was slightly lower in Nebraska than the national average of \$198. Nebraska's ranking was the result of less federal aid and lower non-property taxes than many other states. In contrast, property taxes and charges and miscellaneous sources of revenue were higher than average. It should be noted that Nebraska abolished the state property tax in 1967. Therefore, the property tax collection noted for 1980

represents local collections only.

2. Among the states adjacent to Nebraska, three raised more revenue per \$1,000 of personal income and three raised less. However, in the same group of states, Nebraska's share of federal aid was less than all except Kansas. The pattern was mixed for the other individual revenue categories with at least two states ranking both above and below Nebraska.

**Table 2.4. Tax collections in Nebraska by government units for selected years.**

Year	Federal	State	Local	Total
<i>Percent distribution</i>				
1940	31.4	26.8	41.8	100.0
1950	61.5	15.6	22.9	100.0
1960	68.8	11.9	19.3	100.0
1970	64.9	14.9	20.2	100.0
1975	68.7	14.0	17.3	100.0
1979	67.9	16.9	15.2	100.0

Source: Nebraska Department of Revenue, *Annual Report*, 1975 and 1979; U.S. Department of Treasury, *Annual Report of the Commissioner of the Internal Revenue Service*, 1979.



### Highlights, Table 2.4

1. In 1979, federal collections accounted for more than two-thirds of all taxes collected in the state. During the same year, local property taxes amounted to about 15 percent of the total, the lowest percentage for any of the years in this comparison.

2. The biggest change in relative amounts of taxes

collected by a sector of government occurred between 1940 and 1950. During that 10-year period, federal tax collections became much more important while state and local property taxes declined as a percentage of the total.

**Table 2.5. Percentage distribution of combined Nebraska state and local tax revenue by source, fiscal years, 1960-1980.**

Type of tax	1960	1970 <sup>a/</sup>	1975	1980
Property	69.2	52.6	48.7	41.6
General sales	—	—	18.0	21.0
Income	—	—	11.7	19.4
Other	30.9	47.4	21.7	18.0
Total	100.0	100.0	100.00	100.00

<sup>a/</sup> Though the State of Nebraska had a statewide sales and income tax by 1970, no breakdown into general sales and income categories is available that would be consistent with the remainder of the table. Hence general sales and income taxes are included in the "other" category.

Source: U.S. Department of Commerce, Bureau of the Census:  
*Governmental Finances in 1960, 1961;*  
*Governmental Finances in 1969-70, 1971;*  
*Governmental Finances in 1974-75, September, 1976;*  
*Governmental Finances in 1979-80, September, 1981.*

### Highlights, Table 2.5

1. Between 1960 and 1980, property tax revenues decreased as a percentage of combined Nebraska state and local tax revenue from nearly 70% of the total to just over 40%. This is a reflection of the state's abandonment of the property tax in 1967.

2. By 1980, general sales and income taxes accounted for nearly as much revenue as property taxes. Revenues raised by sales and income taxes were about equal.

**Table 2.6. Chronology of Nebraska income tax rates and sales tax rates.**

Effective date	Individual income tax rate (percentage of federal income tax)	Corporation franchise or income tax rate <sup>a</sup>	Withholding rate (percentage of federal tax withheld)	Nebraska sales tax rate	Food sales tax credit (per eligible individual)
June 1, 1967	none	none	none	2 1/2%	-0-
January 1, 1968	10%	2%	10%	2 1/2%	\$7.00
June 25, 1968 <sup>b</sup>	10%	2%	10%	2 1/2%	7.00
January 1, 1969 <sup>b/</sup>	10%	2%	10%	2%	7.00
January 1, 1970	10%	2.6%	12%	2 1/2%	7.00
January 1, 1971	10%	2%	10%	2 1/2%	7.00
January 1, 1972	15%	3%	10%	2 1/2%	10.00
January 15, 1972 <sup>b/</sup>	15%	3%	15%	2 1/2%	10.00
January 1, 1973 <sup>c/</sup>	13%	3.25%	15%	2 1/2%	10.00
July 1, 1973 <sup>c/</sup>	13%	3.25%	13%	2 1/2%	10.00
January 1, 1974	11%	2.75%	11%	2 1/2%	13.00
January 1, 1975 <sup>d/</sup>	12%	3% and 3.3%	10%	2 1/2%	16.00
May 5, 1975 <sup>d/</sup>	12%	3% and 3.3%	11%	2 1/2%	16.00
July 1, 1975 <sup>d/</sup>	12%	3% and 3.3%	13%	2 1/2%	16.00
January 1, 1976 <sup>e/</sup>	17%	4.25% and 4.675%	15%	2 1/2%	16.00



Table 2.6. (Continued)

Effective date	Individual income tax rate (percentage of federal income tax)	Corporation franchise or income tax rate <sup>a</sup>	Withholding rate (percentage of federal tax withheld)	Nebraska sales tax rate	Food sales tax credit (per eligible individual)
September 1, 1976 <sup>e/</sup>	17%	4.25% and 4.675%	17%	3%	16.00
January 1, 1977 <sup>f/</sup>	18%	4.5% and 4.95%	17%	3%	20.00
July 1, 1977 <sup>f/</sup>	18%	4.5% and 4.95%	18%	3 1/2%	20.00
January 1, 1978	16%	4% and 4.4%	16%	3%	20.00
January 1, 1979	18%	4.5% and 4.95%	18%	3%	20.00
December 1, 1979	18%	4.5% and 4.95%	none	3%	20.00
January 1, 1980 <sup>g/</sup>	15%	3.75% and 4.125%	17%	3%	28.00
January 1, 1981	15%	3.75% and 4.125%	15%	3%	28.00
January 1, 1982 <sup>h/</sup>	17%	4.25% and 4.675%	15%	3%	28.00
May 1, 1982	17%	4.25% and 4.675%	15%	3 1/2%	28.00

a/ The corporation franchise or income tax rate was 20% of the individual income tax rate from January 1, 1968, through December 31, 1972. From January 1, 1973, through December 31, 1974, the corporate tax rate was 25% of the individual rate. Beginning on January 1, 1975, the corporate tax rate is 25% of the individual rate for the first \$25,000 of taxable income and 27.5% of the individual rate for the excess over \$25,000.

b/ The withholding rate effective June 25, 1968, was 10% or 9% of the Federal surcharge was withheld. This provision was effective until January 1, 1970.

c/ The 1973 individual income tax rate was changed by the legislature to 13% after initially having been set at 15% by the State Board of Equalization.

d/ The 1975 individual income tax rate was changed by the State Board of Equalization to 12% after initially having been set at 10%.

e/ The 1976 individual income tax rate was changed by the State Board of Equalization to 17% after initially having been set at 15%.

f/ The 1977 individual income tax rate was changed by the State Board of Equalization to 18% after initially having been set at 17%.

g/ The 1980 individual income tax rate was changed by the State Board of Equalization to 15% after initially having been set at 17%.

h/ The 1982 individual income tax rate was changed by the State Board of Equalization to 17% after initially having been set at 15%.

Source: Nebraska Department of Revenue, *Annual Report*, 1980. (1981 and 1982 figures updated according to telephone conversations with Department personnel.)

### Highlights, Table 2.6

1. Nebraska's individual income tax rate has ranged from 10 to 18% of the federal rate since its implementation on January 1, 1968. Corporation rates, which are tied to individual rates, have ranged from 2 to 4.95%.

2. The state sales tax rate has ranged from 2 to 3 1/2% in the 1967-82 period.

3. The food sales tax credit (per eligible individual) has increased from \$7 in 1968 to \$28 for 1980-82.

Table 2.7. Trends in state tax revenue, Nebraska, fiscal years, 1970-80.

Type of tax	1970		1975	
	Amount (thousands)	Percent of total	Amount (thousands)	Percent of total
Property <sup>a/</sup>	\$ 2,006	0.8	\$ 143	—b/
Income				
Individual	44,444	17.0	78,436	18.5
Corporate	8,550	3.3	25,858	6.1
Sales and gross receipts	171,008	65.4	272,428	64.1
License taxes	33,185	12.7	44,575	10.5
Other	2,114	0.8	3,365	0.8
Total	\$261,307	100.0	\$424,805	100.0



**Table 2.7. (Continued)**

Type of tax	1979		1980 <sup>c/</sup>	
	Amount (thousands)	Percent of total	Amount (thousands)	Percent of total
Property <sup>a/</sup>	\$ 3,510	0.5	\$ 2,502	0.3
Income				
Individual	208,557	28.1	235,821	28.9
Corporate	49,985	6.7	57,579	7.0
Sales and gross receipts	416,048	56.0	446,856	54.7
License taxes	57,892	7.8	67,038	8.2
Other	6,568	0.9	6,971	0.9
Total	\$742,560	100.0	\$816,767	100.0

a/ Though the state collects no property tax for its own purposes, property tax on fleet vehicles, railroads, and airlines is paid into the state's general fund and then immediately returned to the counties.

b/ Rounds to zero.

c/ Preliminary.

Source: U.S. Department of Commerce, Bureau of the Census:

(1) *State Tax Collections in 1970*, November, 1970;

(2) *State Tax Collections in 1975*, December, 1975;

(3) *State Government Tax Collections in 1980*, January, 1981.

### Highlights, Table 2.7

1. Since 1970, more than half of the state tax revenues generated in Nebraska have come from sales and gross receipts taxes.

2. Between 1970 and 1980, income taxes, especially individual income taxes, became relatively more impor-

tant. Corporate taxes amounted to about one-fourth the revenues of individual taxes.

3. License taxes accounted for less of the total, on a relative basis, in 1980 than in 1970. Property taxes at the state level are insignificant.

**Table 2.8. Sales and individual income tax revenue, per capita and per \$1,000 personal income, Nebraska and selected states, fiscal year 1980.**

Area	Per capita		Per \$1,000 personal income	
	Sales	Individual income	Sales	Individual income
U.S. average	\$ 191	\$ 164	\$ 22	\$ 19
NEBRASKA	176 (26)	150 (24)	20 (29)	17 (28)
Colorado	186 (19)	160 (21)	21 (28)	18 (25)
Iowa	172 (28)	207 (12)	20 (29)	24 (14)
Missouri	161 (35)	123 (32)	20 (29)	15 (32)
South Dakota	213 (15)	0	29 (13)	0
Wyoming	346 (3)	0	37 (7)	0

Source: U.S. Department of Commerce, Bureau of the Census, *State Government Finances in 1980*, August, 1981.  
(Figures in parenthesis are the state's rank among the 50 states.)



**Highlights, Table 2.8**

1. In 1980, Nebraska collected less in sales and individual income taxes than the U.S. average, whether measured on a per capita basis or per \$1,000 personal income.

2. When compared to the six adjacent states, sales taxes per capita were less than each of the states except Iowa and Missouri. Sales taxes per \$1,000 personal income were about the same as for other adjacent states except Wyoming and South Dakota which are considerably higher.

3. Neither South Dakota nor Wyoming had an individual income tax in 1980. Compared to the other four adjacent states, Nebraska ranked in the middle on the basis of both individual income tax per capita and per \$1,000 of personal income.

**Table 2.9. Sales and motor fuel tax rates in selected states, 1980.**

State	Sales	Motor fuel (cents/gallon) <sup>a</sup>
NEBRASKA	3% <sup>b/</sup>	10.5
Colorado	3% <sup>c/</sup>	7
Iowa	3% <sup>d/</sup>	10
Kansas	3% <sup>d/</sup>	8
Missouri	3.125% <sup>d/</sup>	7
South Dakota	4% <sup>d/</sup>	9
Wyoming	3% <sup>d/</sup>	8

a/ These values are for gasoline. In a number of states, diesel fuel, liquefied petroleum gas, and gasohol used for motor vehicle purposes are taxed at a different rate than gasoline.

b/ Prescription drugs but not food exempted from general sales tax. However, an income tax credit is allowed for food.

c/ Food and prescription drugs exempted from general sales tax.

d/ Prescription drugs but not food exempted from general sales tax.

Source: Council of State Governments, *The Book of the States*, 1980-81, Vol. 23, April, 1980.

**Highlights, Table 2.9, 2.10**

1. Nebraska's sales tax rate was equal to or less than the rate in adjacent states in 1980. However, Nebraska's motor fuel tax was higher than other states'.

2. State income tax rates vary considerably for states in the region. However, Nebraska is the only state which sets state taxes as a percentage of federal taxes.

**Table 2.10. Individual and corporate income tax rates in selected states—1980.**

State	Individual	Corporate
NEBRASKA	17% of U.S. tax <sup>a/</sup>	\$0 - \$25,000 4.25% <sup>b/</sup> Over \$25,000 4.675% <sup>b/</sup>
Colorado	3-8%* <sup>c/</sup>	5%
Iowa	0.5-13%* <sup>d/</sup>	Business corps.: \$0 - \$25,000 6% <sup>e/</sup> Over \$100,000 10% <sup>e/</sup> Banks: \$0 - \$25,000 5% <sup>e/</sup> Over \$100,000 8% <sup>e/</sup>
Kansas	2-9%*	Business corps.: 4.5% <sup>f/</sup> Banks: 4.25% <sup>f/</sup> Trust companies and savings & loan associations: 4.5% <sup>f/</sup>
Missouri	1.5-6%*	Business corps.: 5%* Banks & trust companies: 7%*
South Dakota	No state income taxes	
Wyoming	No state income taxes	

a/ Rate determined annually by state board of equalization and assessment.

b/ 25 and 27.5% of individual income tax rate.

c/ Imposes a surtax of 2% on gross income from intangibles which exceed \$5,000. A credit is allowed on taxable income up to \$9,000, computed by dividing taxable income by 200.

d/ No tax is imposed on persons whose net income does not exceed \$5,000.

e/ 50% of federal income tax deductible.

f/ Plus a surtax of 2.25% of taxable income in excess of \$25,000 (2.125% for banks).

\* - Federal income tax deductible.

Source: Council of State Governments, *The Book of the States*, 1980-81, Vol. 23, April, 1980.



**Table 2.11. Federal grants received by Nebraska for support of specific functions of government, fiscal years, 1965-1980.**

Function	1964-65	1969-70	1974-75	1979-80
<i>Thousands of dollars</i>				
Highways, bridges, and grants for primary, urban and secondary roads	38,742	37,398	44,919	73,200
Public welfare	16,040	37,049	71,136	108,943
Education and research	8,500	24,858	49,156	71,413
Health and hospitals	1,528	5,169	11,175	21,436
Natural resources	2,874	3,975	8,015	14,107
Airports	15	1	6,141	6,784
Employment security administration	2,181	4,126	10,492	14,890
Other	993	1,053	27,094	50,402
Total	70,873	113,629	228,118	361,175

Source: U.S. Department of Commerce, Bureau of the Census:  
*State Government Finances in 1965, 1966;*  
*State Government Finances in 1970, July, 1971;*  
*State Government Finances in 1975, August, 1976;*  
*State Government Finances in 1980, August, 1981.*

#### Highlights, Table 2.11

1. Federal grants received by Nebraska more than tripled from fiscal 1970 to 1980.

2. Grants for highways, bridges and other roads grew relatively less between 1970 and 1980 than grants for

other functions. The big increase in the "other" category includes general revenue sharing which began in the early 1970s.

**Table 2.12. State income and sales taxes, Nebraska, by county, 1979.**

Counties	1979 Nebraska income tax (calculated)	Per capita average individual income tax liability for 1979	1979 state sales tax
Adams	\$ 4,926,866	\$160.78	\$ 5,716,123
Antelope	837,341	96.41	1,094,747
Arthur	39,341	78.06	38,815
Banner	82,612	99.29	51,595
Blaine	120,241	140.30	64,752
Boone	856,139	115.96	1,126,417
Box Butte	2,537,202	189.02	2,274,569
Boyd	314,620	94.74	343,475
Brown	455,508	112.89	801,071
Buffalo	4,949,783	142.41	6,342,899
Burt	1,158,469	134.49	1,201,549
Butler	1,203,976	132.67	953,007
Cass	2,666,325	133.28	1,659,349
Cedar	1,128,554	101.72	1,384,413
Chase	759,709	162.30	939,371
Cherry	855,747	128.90	1,104,411
Cheyenne	1,644,366	165.95	1,491,400
Clay	1,335,744	164.42	1,056,549
Colfax	1,473,199	149.97	1,406,581
Cuming	1,754,680	150.99	1,781,904
Custer	1,693,372	124.74	2,054,287
Dakota	2,120,542	131.65	1,763,677
Dawes	1,094,217	116.81	1,448,079
Dawson	3,388,932	155.31	3,992,799
Deuel	395,310	161.95	341,762

**Table 2.12. (Continued)**

Counties	1979 Nebraska income tax (calculated)	Per capita average individual income tax liability for 1979	1979 state sales tax
Dixon	647,345	93.36	513,921
Dodge	6,133,389	185.18	6,291,284
Douglas	78,437,066	201.67	75,184,482
Dundy	394,886	140.78	333,424
Fillmore	1,350,532	175.67	1,230,575
Franklin	609,076	139.50	538,981
Frontier	428,566	119.98	347,763
Furnas	862,554	134.61	814,804
Gage	3,192,967	131.40	3,434,806
Garden	376,996	135.61	339,469
Garfield	272,964	115.71	359,051
Gosper	334,159	161.59	272,796
Grant	220,968	225.75	109,766
Greeley	347,879	100.89	365,549
Hall	7,644,647	160.43	10,904,423
Hamilton	2,166,977	234.88	1,152,565
Harlan	437,562	102.52	542,584
Hayes	74,035	54.68	72,572
Hitchcock	484,242	119.82	90,077
Holt	1,467,574	108.36	2,337,073
Hooker	169,062	173.04	120,557
Howard	718,055	106.87	787,621
Jefferson	1,232,746	126.93	1,627,639
Johnson	591,075	117.39	612,147
Kearney	1,238,130	176.55	927,956



Table 2.12. (Continued)

Counties	1979 Nebraska income tax (calculated)	Per capita average individual income tax liability for 1979	1979 state sales tax
Keith	1,403,605	154.65	1,949,999
Keya Paha	96,599	76.30	87,276
Kimball	870,582	181.67	1,043,358
Knox	1,142,007	102.81	1,383,124
Lancaster	32,068,303	171.52	30,612,783
Lincoln	5,918,429	165.32	6,509,544
Logan	125,792	129.55	65,729
Loup	80,434	93.53	50,436
Madison	5,189,111	166.80	6,680,768
McPherson	49,995	85.17	29,388
Merrick	1,116,972	124.86	1,094,044
Morrill	722,518	121.80	960,544
Nance	488,955	103.02	458,323
Nemaha	986,388	121.86	969,487
Nuckolls	727,742	108.81	1,034,612
Otoe	1,967,605	133.55	2,353,998
Pawnee	358,661	92.85	360,779
Perkins	492,959	136.93	649,182
Phelps	1,876,797	193.23	2,056,387
Pierce	863,622	104.19	914,256
Platte	4,628,388	160.47	5,715,155
Polk	896,750	141.49	815,869
Red Willow	1,852,135	149.92	2,745,663
Richardson	1,307,674	117.13	1,502,768
Rock	281,503	120.76	531,220
Saline	1,979,613	152.45	1,898,609
Sarpy	6,309,965	74.41	5,333,376
Saunders	2,490,353	134.92	2,007,828
Scotts Bluff	5,237,492	141.69	6,782,367
Seward	1,983,738	127.20	1,902,777
Sheridan	993,439	132.33	1,334,173
Sherman	321,523	76.21	465,211
Sioux	139,072	100.41	106,997

Table 2.12. (Continued)

Counties	1979 Nebraska income tax (calculated)	Per capita average individual income tax liability for 1979	1979 state sales tax
Stanton	419,143	64.68	374,089
Thayer	1,119,627	154.24	1,024,175
Thomas	153,819	160.73	130,398
Thurston	716,386	111.53	474,816
Valley	614,148	109.07	890,053
Washington	2,077,461	138.75	1,800,460
Wayne	1,016,449	105.70	1,337,089
Webster	573,249	117.90	574,157
Wheeler	65,922	62.43	83,154
York	2,607,087	176.84	2,759,512

Source: Nebraska Department of Revenue, 1980 Annual Report.

## Highlights, Table 2.12

1. In 1979, per capita individual income tax liability ranged from \$54.68 in Hayes County to \$234.88 in Hamilton County. Since both counties have primarily an agricultural economic base, income tax liabilities per capita could be expected to vary annually as income from agriculture fluctuates. The same could be said for most other counties in the state.

2. State sales taxes collected in each of Nebraska's counties are a reflection of both the location of major retail centers and the level of economic activity at any point in time. Sales tax comparisons among counties on a per capita or per \$1,000 of personal income have little meaning because many Nebraskans cross county lines to do their shopping.

Table 2.13. General revenue sources for local units of government, Nebraska, fiscal years.

Source	1970		1975		1980	
	Amount (millions)	Pct. of total	Amount (millions)	Pct. of total	Amount (millions)	Pct. of total
Federal grants	13.7	2.3	65.5	6.8	110.8	7.2
State grants	136.3	22.8	212.1	22.1	311.0	20.1
Own sources	448.3	74.9	684.1	71.1	1124.6	72.7
Taxes	327.0		467.5		695.5	
Charges and misc.	121.3		216.6		429.1	
Total	598.3	100.0	961.8	100.0	1546.4	100.0

Source: U.S. Department of Commerce, Bureau of the Census:  
*Governmental Finances in 1969-70, 1971;*  
*Governmental Finances in 1974-75, August, 1976;*  
*Governmental Finances in 1979-80, September, 1981.*



### Highlights, Table 2.13

1. Local units of government in Nebraska raised more than 70% of their available revenues in fiscal 1980. The remainder came from grants from the federal and state government.

2. The largest percentage increase in revenues since 1970 has been federal grants. In 1970, they amounted to only \$13.7 million compared to \$110.8 million a decade later.

**Table 2.14. Trends in local government tax revenue—Nebraska, 1969-80.**

Taxing unit	1969 <sup>a/</sup>		1974-75 <sup>b/</sup>		1979-80 <sup>b/</sup>	
	Amount (millions)	Percent of total	Amount (millions)	Percent of total	Amount (millions)	Percent of total
Counties	\$ 55.3	17.0	94.5	20.2	112.6	16.2
Cities	52.2	16.0	92.9	19.9	141.9	20.4
Schools	206.2	63.4	270.2	57.8	412.9	59.4
Townships	3.0	0.9	3.3	0.7	4.5	0.6
Special districts and assessments	8.7	2.7	6.6	1.4	23.6	3.4
Total local tax revenue	\$325.4	100.0	\$467.5	100.0	\$695.5	100.0

a/ Taxes levied for the calendar year.

b/ Tax receipts for fiscal years ending on June 30, 1975, and June 30, 1980, respectively.

Source: Nebraska Department of Revenue, *Property Tax 1969, Statistical Report*; U.S. Department of Commerce, Bureau of the Census: *Governmental Finances in 1974-75*, September, 1976; *Governmental Finances in 1979-80*, September, 1981.

### Highlights, Table 2.14

1. Most tax revenue generated for local units of government goes to public schools. In 1980, just under 60% of the total went to this taxing unit.

2. Cities and counties were the second and third

ranking users of local tax revenue in 1980. Tax revenues for cities increased as a proportion of the total between 1969 and 1980, probably a reflection of Nebraska's increasingly urban population.

**Table 2.15. Summary of general property taxes levied by taxing districts in Nebraska, fiscal years, 1975 and 1980.**

Taxing unit	1975		1980	
	Tax collections (millions of dollars)	% of total	Tax collections (millions of dollars)	% of total
State	0.1	—a/	2.5	0.4
County	89.3	20.6	98.1	15.6
Township	3.3	0.8	4.5	0.7
City	65.0	15.0	88.1	14.0
School	269.7	62.1	412.3	65.5
Special districts	6.6	1.5	23.6	3.8
Total	434.0	100.0	629.1	100.0

a/ Rounds to zero.

Source: U.S. Department of Commerce, Bureau of the Census: (1) *Governmental Finances in 1974-75*, September, 1976; (2) *Governmental Finances in 1979-80*, September, 1981.



**Highlights, Table 2.15**

1. Schools accounted for more than 60% of the property taxes levied in Nebraska in 1975 and 1980. Counties and cities accounted for most of the remainder.

**Table 2.16. Property taxes collected—Nebraska, by county, 1979.**

Counties	Nebraska property taxes levied, 1979	1979 Nebraska property taxes levied per capita, 1979	Nebraska property taxes levied per \$1,000 personal income
Adams	\$12,881,766	\$ 420.20	\$ 49.41
Antelope	4,077,224	470.00	55.78
Arthur	403,256	786.07	84.82
Banner	822,956	896.47	159.67
Blaine	620,218	715.36	115.37
Boone	3,525,407	476.99	55.54
Box Butte	4,665,279	340.63	50.54
Boyd	1,405,032	421.80	59.03
Brown	1,963,777	448.66	62.09
Buffalo	12,610,883	362.41	48.65
Burt	5,165,487	586.12	70.85
Butler	4,487,554	480.98	63.86
Cass	9,013,092	444.06	54.20
Cedar	4,617,077	425.46	57.39
Chase	2,917,464	613.17	67.41
Cherry	4,858,489	718.92	83.48
Cheyenne	5,626,086	559.42	71.63
Clay	4,811,229	593.54	70.27
Colfax	4,704,327	475.67	62.40
Cuming	4,526,257	388.05	51.10
Custer	8,377,310	603.68	83.54
Dakota	6,453,791	389.42	53.85
Dawes	3,168,117	329.70	50.50
Dawson	10,848,898	489.53	63.10
Deuel	1,529,401	621.20	66.37
Dixon	3,619,762	507.18	70.90
Dodge	15,150,904	422.65	47.96
Douglas	169,373,648	425.69	45.16
Dundy	1,680,987	587.55	62.92
Fillmore	4,658,320	588.17	63.15
Franklin	2,546,422	581.77	72.91
Frontier	2,900,394	795.28	106.52
Furnas	2,892,711	445.99	61.84
Gage	9,902,715	404.92	49.42
Garden	1,969,647	702.94	91.94
Garfield	1,173,870	496.77	67.62
Gosper	1,778,186	830.93	102.74
Grant	687,366	783.77	90.78
Greeley	1,582,690	457.16	60.31
Hall	18,837,046	394.99	49.30
Hamilton	5,937,172	638.34	82.36
Harlan	2,332,990	543.57	71.65
Hayes	1,039,169	766.35	188.73
Hitchcock	2,421,522	593.66	84.76
Holt	5,535,880	408.49	58.93
Hooker	565,990	571.71	75.85
Howard	3,643,919	538.01	74.38
Jefferson	5,175,032	527.15	68.24
Johnson	2,832,793	536.01	73.54
Kearney	4,166,207	590.70	66.24
Keith	4,949,000	528.51	62.18
Keya Paha	747,290	574.40	111.24
Kimball	3,418,623	700.25	77.13
Knox	5,081,204	443.50	67.42
Lancaster	76,046,670	394.26	44.95

**Table 2.16. (Continued)**

Counties	Nebraska property taxes levied, 1979	1979 Nebraska property taxes levied per capita, 1979	Nebraska property taxes levied per \$1,000 personal income
Lincoln	13,992,344	383.83	46.41
Logan	560,076	569.76	76.24
Loup	534,740	622.51	154.60
Madison	10,220,911	325.69	35.35
McPherson	302,024	509.32	57.77
Merrick	4,646,050	519.40	82.26
Morrill	2,948,684	484.58	74.17
Nance	2,408,143	508.05	77.40
Nemaha	3,910,197	467.34	62.47
Nuckolls	3,404,099	505.96	70.10
Otoe	7,787,768	512.93	62.86
Pawnee	1,857,788	471.88	58.30
Perkins	2,718,504	747.46	77.39
Phelps	5,394,472	552.20	65.48
Pierce	3,647,672	430.10	54.83
Platte	10,534,643	365.13	39.01
Polk	3,834,198	606.68	75.16
Red Willow	5,662,335	448.86	55.01
Richardson	4,543,356	401.53	53.84
Rock	1,205,452	505.85	79.08
Saline	6,718,307	511.64	58.76
Sarpy	25,585,159	297.45	46.43
Saunders	9,670,729	516.71	66.03
Scotts Bluff	14,279,311	372.40	49.11
Seward	7,318,170	463.50	68.48
Sheridan	3,525,729	467.36	64.15
Sherman	2,420,737	572.82	75.82
Sioux	1,061,757	574.54	111.60
Stanton	2,877,130	439.32	58.26
Thayer	4,301,821	567.37	72.05
Thomas	458,834	471.57	60.27
Thurston	2,970,252	413.34	59.68
Valley	2,573,064	456.78	59.96
Washington	7,044,856	454.27	55.80
Wayne	3,938,546	399.53	55.39
Webster	2,661,247	547.81	73.98
Wheeler	885,460	835.34	112.53
York	8,069,755	545.33	66.45

Source: Nebraska Department of Revenue, *1979 Annual Report*; Bureau of Business Research, University of Nebraska-Lincoln, *Business in Nebraska*, June 1981.

**Highlights, Table 2.16**

1. In 1979, property taxes levied per capita ranged from a high of \$896.47 in Banner County to a low of \$297.45 in Sarpy County. Although not a perfect relationship, per capita property taxes tended to be highest in low population counties and vice versa. The overhead cost of maintaining public services (e.g., schools, courthouse) is primarily responsible for this pattern.

2. Nebraska property taxes levied per \$1,000 personal income ranged from a high of \$188.73 in Hayes County to a low of \$35.35 in Madison County in 1979. County data are a reflection of 1) the cost of local government services, and 2) total personal income generated in the county. Again, though not a perfect relationship, taxes per \$1,000 personal income tended to be highest in the more thinly populated counties.



**Table 2.17. Taxes on farm real estate, Nebraska and the Great Plains, selected years, 1940 to 1979.**

Year	Dollars per acre			Dollars per \$100 of full value			Percent of net income		
	Nebraska	Region VII <sup>a/</sup>	Region VIII <sup>b/</sup>	Nebraska	Region VII	Region VIII	Nebraska	Region VII	Region VIII
1940	.30	.47	.18	1.35	1.22	1.59	—	—	—
1950	.64	.90	.33	1.09	1.09	1.19	—	—	—
1960	1.11	1.52	.50	1.22	1.15	1.04	—	—	—
1970	2.04	2.79	.91	1.31	1.27	1.12	—	—	—
1977	3.24	3.97	1.32	.80	.67	.66	17.2	14.5	17.6
1978	3.92	4.27	1.37	1.01	.70	.60	14.7	10.3	9.5
1979	4.44	4.55	1.50	.96	.64	.58	16.1	10.5	11.0

a/ Region VII: Iowa, Missouri, Nebraska, Kansas.

b/ Region VIII: Montana, North Dakota, South Dakota, Wyoming, Colorado, Utah.

Source: U.S. Department of Agriculture, Economics and Statistics Service, *Farm Real Estate Taxes*, May 1981.

#### Highlights, Table 2.17

1. Nebraska's farm real estate taxes more than doubled on a per acre basis between 1970 and 1979. However, in 1979, Nebraska taxes were still slightly less than the average for Iowa, Missouri, Nebraska and Kansas.

2. Since 1960, Nebraska real estate taxes have been consistently above neighboring states when compared to the full value of the real estate.

3. In 1978 and 1979, Nebraska real estate taxes as a percentage of net income were considerably above neighboring states.

**Table 2.18. State aid to local units of government, Nebraska, selected fiscal years, 1972-1980.**

Categories of state aid	1972	1975	1980
<i>Millions of dollars</i>			
Homestead exemptions	6.4	15.2	25.7
Personal property exemptions		15.3	62.2
Highway use gas tax	49.3	53.6	72.9
School aid (general and specialized programs)	47.1	82.1	11.1
Other	23.8	28.3	34.6
Total	126.6	194.5	306.5

Source: Nebraska Department of Revenue, *Annual Reports*, of 1972, 1975 and 1980.

#### Highlights, Table 2.18

1. State aid to local units of government increased by \$180 million between 1972 and 1980. The increase came primarily in three areas: 1) various types of school aid including aid to Technical and Community Colleges, 2) homestead and personal property exemptions, and 3) the highway use gas tax.

### SECTION III

#### Expenditures for State and Local Governments

**Table 3.1. Direct general expenditure of state and local governments in Nebraska, by level of government, for Nebraska, fiscal 1980.**

Level of government	Total amount	Per capita amount	Percentage distribution
	(million dollars)	(dollars)	(percent)
State government	928.5	591.38	38.3
Local government	1,496.2	952.97	61.7
Total	2,424.6	1,544.35	100.0

Source: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1979-80*, September, 1981.

#### Highlights, Table 3.1

1. Of the \$2.4 billion dollars spent by state and local governments in 1980, more than 60% of the expenditures were made by local governments.

2. Expenditures per capita exceeded \$1,500.



**Table 3.2. General expenditure of state and local governments in Nebraska, fiscal 1960 to 1980.**

Year	State	Local	Total	Index
-----Million dollars----- 1960 = 100				
1960	132.8	247.0	379.8	100.0
1965	174.4	331.0	505.4	133.1
1970	290.8	562.5	853.2	224.6
1975	595.2	999.7	1594.9	419.9
1980	928.5	1496.2	2424.6	638.3

Source: U.S. Department of Commerce, Bureau of the Census: *Governmental Finances in 1960, 1961; Governmental Finances in 1969-70, 1971; Governmental Finances in 1979-80, September, 1981.*

### Highlights, Table 3.2

1. Total expenditures of state and local governments in Nebraska increased by more than 500% between 1960 and 1980. This increase, however, was not inconsistent with growth in the Gross National Product during the same period (see Table 1.8.)

**Table 3.3. Direct general expenditure of state and local governments by function, Nebraska, fiscal 1980.**

Function	State	Local	Total	Percentage Distribution of total
-----Million Dollars----- Percent				
Education	270.4	702.6	972.9	40.1
Public welfare	173.3	17.7	191.0	7.9
Highways	191.7	168.1	359.7	14.8
Health and hospitals	92.5	132.1	224.6	9.3
Interest on debt	2.4	49.7	52.1	2.1
Police and fire protection	14.5	88.2	102.7	4.2
Sewage and sanitation	—	75.3	75.3	3.1
Natural resources and parks	61.0	52.5	113.6	4.7
Governmental administration	35.7	85.3	121.0	5.0
Other	87.0	124.7	211.7	8.7
Total	928.5	1,496.2	2,424.6	100.0

Source: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1979-80, September, 1981.*

### Highlights, Table 3.3

1. The largest expenditure of state and local governments in Nebraska is for education. In 1980, 40% of all expenditures went for this function. The next largest expenditures are for highways, health and hospitals, and public welfare.

2. Education expenditures are made primarily at the local level while public welfare expenditures are primarily a function of state government. Expenditures for highways and health and hospitals are more evenly divided.

3. Expenditures for natural resources and parks were fairly evenly divided between state and local governments. However, for other functions not specifically noted above, local spending dominated.

**Table 3.4. General expenditure of state and local governments for Nebraska education, fiscal 1980.**

Function	Amount	Percentage distribution
(Million dollars)		
Local schools	651.6	67.0
Higher education	287.1	29.5
Other education	34.3	3.5
Total	973.0	100.0
Local schools		
Capital outlay	56.4	8.7
other than capital outlay	595.2	91.3
Total	651.6	100.0
Higher education		
Capital outlay	23.4	8.1
Other than capital outlay	263.7	91.9
Total	287.1	100.0

Source: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1979-80, September, 1981.*

### Highlights, Table 3.4

1. About two-thirds of the total expenditure for education in 1980 went to local schools. Higher education accounted for most of the remainder.

2. Local school expenditures were predominantly for non-capital items. Less than 9% of total expenditures were for capital outlays. The pattern for higher education expenditures was almost identical.



**Table 3.5. Direct expenditure of state and local governments for selected functions for Nebraska, fiscal 1960, 1970, and 1980.**

Function	1960	1970	1980	Average annual rate of change 1960-70	1970-80
	-----Million dollars-----			Percent	Percent
All functions	\$379.8	\$853.2	\$2424.6	8.5	11.0
Education	144.4	382.7	972.9	10.2	9.8
Local schools	—	265.8	651.6	—	9.4
Higher education	—	101.1	287.1	—	11.0
Highways	101.9	149.2	359.7	3.9	9.2
Public welfare	25.3	55.8	191.0	8.2	13.1
Health and hospitals	27.3	59.4	224.6	8.1	14.2

Source: U.S. Department of Commerce, Bureau of the Census: *Governmental Finances in 1960, 1961; Governmental Finances in 1969-70, 1971; Governmental Finances in 1979-80*, September, 1981.

#### Highlights, Table 3.5

1. Expenditures for all functions of state and local governments in Nebraska increased at a faster rate between 1970 and 1980 than between 1960 and 1970.

2. In the decade of the 1970s, expenditures for health and hospitals and public welfare grew considerably faster than the average for all functions. Education and highway expenditures, in contrast, did not keep pace with the average.

3. Between 1960 and 1970, education expenditures grew more rapidly than other functions and also more rapidly than during the subsequent decade.

#### Highlights, Table 3.6

1. In 1980, a higher proportion of state and local government expenditures in Nebraska went to education and highways than the average for all states. However, less was spent on public welfare. Health and hospital expenditures, at a 9% of the total, equaled the national average.

2. State and local units of government in Nebraska spend slightly less of their total budget on education than do governmental units in Colorado and Iowa. However, Nebraska education expenditures are slightly higher than in the other four adjacent states.

3. Welfare payments accounted for a smaller share of Nebraska's expenditures than in other adjacent states except for Wyoming.

**Table 3.6. Expenditures of state and local governments, Nebraska and selected states, by function, 1980.**

Area	Education	Highways	Health and hospitals	Welfare
U.S. average	39	9	9	12
NEBRASKA	40	15	9	8
Colorado	42	10	8	9
Iowa	41	14	10	11
Kansas	37	15	8	10
Missouri	37	11	10	11
South Dakota	37	19	4	10
Wyoming	39	16	8	4

Source: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1979-80*, September, 1981.

**Table 3.7. Per capita expenditures of state and local governments, Nebraska and selected states, by function, 1980.**

Area	Per capita			
	Education	Highways	Health and hospitals	Welfare
U.S. average	588	147	142	201
NEBRASKA	620 (20)	229 (11)	143 (21)	122 (44)
Colorado	666 (14)	164 (27)	133 (27)	139 (34)
Iowa	698 (9)	240 (9)	174 (10)	189 (17)
Kansas	583 (23)	241 (8)	128 (28)	158 (26)
Missouri	473 (48)	143 (35)	136 (25)	134 (36)



**Table 3.7. (Continued)**

Area	Per capita			
	Education	Highways	Health and hospitals	Welfare
South Dakota	579 (27)	298 (6)	72 (49)	152 (29)
Wyoming	914 (2)	381 (2)	204 (3)	91 (49)

Source: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1979-80*, September, 1981.

(Figures in parentheses are state's rank among the 50 states and the District of Columbia.)

### Highlights, Table 3.7

1. In 1980, expenditures per capita for education and highways were higher in Nebraska than the U.S. average. Health and hospital expenditures were about equal to the average, while welfare expenditures were considerably less.

2. Compared to adjacent states, Nebraska per capita expenditures for education, highways, and health and hospitals ranked near the middle. However, per capita expenditures for welfare were smaller than other adjacent states except Wyoming.

**Table 3.8. Expenditures of state and local governments per \$1,000 personal income, Nebraska and selected states, by function, 1980.**

Area	Per \$1,000 personal income			
	Education	Highways	Health and hospitals	Welfare
U.S. average	\$69	\$17	\$16	\$24
NEBRASKA	71 (26)	26 (15)	16 (22)	14 (46)
Colorado	76 (19)	19 (31)	15 (30)	16 (44)
Iowa	80 (14)	27 (11)	19 (11)	22 (19)
Kansas	63 (42)	26 (16)	13 (3.)	17 (40)
Missouri	58 (49)	18 (35)	16 (20)	16 (43)
South Dakota	78 (16)	40 (5)	9 (47)	20 (27)
Wyoming	96 (4)	40 (4)	21 (8)	10 (50)

Source: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1979-80*, September, 1981.

(Figures in parentheses are state's rank among the 50 states and the District of Columbia.)

### Highlights, Table 3.8

1. In 1980, expenditures per \$1,000 personal income were higher for education and highways in Nebraska than the U.S. average. Health and hospital expenditures were the same and welfare was less.

2. Compared to adjacent states, Nebraska expenditures per \$1,000 personal income were near the middle

for education, highways, and health and hospitals. However, expenditures for welfare were less than for all adjacent states except Wyoming.

## APPENDIX

**Table A.1. Nebraska population statistics.**

Year	Population (thousands)	Percent change	Percent urban <sup>a</sup>
1900	1,066	—	23.7
1910	1,192	11.8	26.1
1920	1,296	8.7	31.3
1930	1,378	6.3	35.3
1940	1,316	-4.5	39.1
1950	1,326	0.7	46.9
1960	1,411	6.4	54.3
1970	1,484	5.2	61.5
1980	1,570	5.8	62.9

a/ The urban population includes those persons who live in towns and cities with a population of at least 2,500 persons.

Source: U.S. Department of Commerce, Bureau of the Census:  
(1) *Census of Population*, 1970;  
(2) *Census of Population and Housing, Advance Reports*, 1980.

### Highlights, Table A.1

1. Nebraska's population has increased each decade since 1900 with the exception of the 1930s. However from 1930 to 1960 the net increase was only 33,000 persons. This compares to gains of 73,000 and 86,000 for the two most recent decades.

2. Since 1900, Nebraska's population has become significantly more urban.

**Table A.2. Birth statistics, Nebraska.**

Year	Registered live births		Yearly percentage change
	Number	Rate <sup>a</sup>	
1930	27,006	19.6	—
1940	22,153	16.8	—
1950	31,713	23.9	—
1960	34,257	24.3	—
1965	27,829	18.8	—
1970	25,877	17.4	—
1971	25,507	16.9	-1.4
1972	23,473	15.4	-8.0
1973	22,771	14.8	-3.0



**Table A.2. (Continued)**

Year	Registered live births Number	Rate <sup>a</sup>	Yearly percentage change
1974	23,695	15.4	+4.1
1975	23,658	15.3	-0.2
1976	23,767	15.3	+0.5
1977	25,158	16.1	+5.9
1978	25,103	16.0	-0.2
1979	26,199	16.6	+4.4
1980	27,335	17.4	+4.3

<sup>a</sup> Births per thousand population.

Source: Nebraska State Department of Health, Bureau of Vital Statistics, *Statistical Reports*, 1980.

### Highlights, Table A.2

1. The birth rate in Nebraska declined in the 1970s compared to 1950 and 1960. However, the number of live births in 1979 and 1980 exceeded every other year in the 1970s.

**Table A.3. Per capita personal income of Nebraska.**

Year	Actual dollars	Constant 1972 dollars <sup>a</sup>
1930	517	1,578 <sup>b/</sup>
1940	436	1,500
1950	1,498	2,797
1960	2,009	2,924
1970	3,748	4,098
1975	6,040	4,810
1980	9,086	5,120

<sup>a</sup> Gross national product implicit price deflator, 1972 = 100.

<sup>b</sup> The 1929 index value of 32.76 was used since no value is available for 1930.

Source: Nebraska Department of Economic Development, *Nebraska Statistical Handbook*, 1982-1983.

### Highlights, Table A.3

1. Per capita income has increased in Nebraska each decade since 1940, measured either on an actual or constant dollar basis. Between 1970 and 1980, per capita income increased by about 25% in real terms (constant dollars).

## SUMMARY AND CONCLUSIONS

General revenue of state and local governments in Nebraska increased from \$911 million in 1970 to \$2,627 million in 1980. On a per capita basis the annual increase during the period amounted to 10.6%. This compared to an average annual increase in the Gross National Product of 10.2%.

In 1980, about 58% of state and local government revenues came from taxes. Another 18% came from federal sources. The remainder were charges and miscellaneous sources of revenue.

When segregated by type, property taxes continue to be the single most important source of tax revenue for state and local governments in Nebraska. In 1980, property taxes were slightly higher than the combined total of general sales and income taxes. Property tax collections tend to be higher than the national average in Nebraska, but other taxes are less than average. There is considerable variation in property taxes levied across the state, both on a per capita basis and per \$1,000 personal income.

Education is the largest recipient of state and local government revenue in Nebraska. In 1980, education expenditures reached \$973 million, or just over 40% of the total. The next three largest expenditure categories were highways, health and hospitals, and public welfare. Together, these three accounted for just under one-third of all spending.

Nebraska's citizens may overtly change both the revenue and expenditure pattern of state and local units of government at some point in the future. Much depends on the citizenry's cumulative balancing of public and private goods and services. This publication provides factual information that will be useful to Nebraskans, should revenue/expenditure shifts be contemplated.