***For Release Week of June 3, 2024***

**All Things Nebraska**

**Pillen still plugging for property tax relief, despite defeat of initial plan**

*By Paul Hammel, retired senior reporter for Nebraska Examiner*

Let’s face it, Nebraska has high property taxes, the seventh highest in the country according to the Tax Foundation, which tracks such things.

“Lots of land, not a lot of people,” has always been the catchphrase, which translates into a higher burden of property taxes.

But I almost fell out of my chair when Gov. Jim Pillen proposed, initially, to raise the state’s sales taxes by 2 cents to achieve property tax relief.

Never did I imagine that a conservative Republican governor would propose a tax increase of any kind, much less one that would make Nebraska’s state sales tax (now at 5.5 cents) the highest in the nation at 7.5 cents — even higher than, gulp, California.

We in Huskerville love to be No. 1. But that’s in football and volleyball, not taxes.

Pillen, a former football player, may have wanted to land a gut punch with his 2-cent hike idea, hoping it would lead to a compromise on a lower sales tax hike.

But that didn’t happen, as state lawmakers decided to forgo a watered down property tax relief plan that didn’t include any hike in the state sales tax. It instead removed sales tax exemptions, or imposed new excise taxes, on various items labeled as “discretionary,” such low-hanging fruit as pop and candy, hemp-infused “gummies,” vaping products and those slot-machine like “skill games” that have proliferated in convenience stores. There was also a 36-cent a pack increase on cigarettes.

But the property tax relief bill was pulled from the agenda after it was clear it didn’t have the 33 votes to overcome a filibuster.

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Now the governor is hitting the road, pitching some of the same ideas in hopes of gaining support from 33 senators, enough to call state lawmakers back for a special session before school starts in August.

Best of luck. Pillen is climbing a political peak that many have climbed, but few have conquered.

Reducing property taxes is a complicated matter that seeks to undo policies adopted over several years on behalf of some well-funded, and persuasive special interests.

More than once, the Legislature has granted tax exemptions or tax credits to businesses that threaten to leave the state due to the high burden of paying taxes like you and me.

But eliminating even some seemingly simple tax breaks gets complicated. Take taxing candy for instance – some candy bars have a higher content of flour, so it’s “food” and would remain untaxed, while other candy bars in the same display case would be taxed as “candy.”

There are some simpler plans to reduce property taxes, like a couple from Omaha State Sen. Justin Wayne, who, like Pillen, isn’t afraid to think outside the box.

Wayne introduced two bills this year to shift the cost of financing county jails and county attorneys off local property taxes, and onto the state. That would be similar to what the Legislature and Pillen did with the state’s community colleges — which was taken off the local property tax bill and is now financed by state sales and income taxes, a shift of more than $200 million a year.

Personally, I liked the county jail idea — 64 counties operate some kind of jail, with the capacity to hold more than 5,250 inmates, at an estimated cost of nearly $170 million a year.

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Wayne argued that people are sent to jail mostly because of laws passed by the state, so it’s a state obligation. (And recent attempts to reduce overcrowding of state prisons have shifted more convicts into local jails, instead of state-funded cells, thus shifting more costs onto counties.)

But this isn’t as simple as it sounds either. A $1 million study was proposed to facilitate the shift in county jails, and, of course, there’s the argument that there would be less “local control” of such facilities.

But Wayne calculated that such a shift would result in between $250 million to $300 million in local property tax savings. That would be a major step toward the extra 20% cut in property taxes sought by Pillen (he wants a 40% reduction overall, but 20% has already been cut by recently passed legislation).

Shifting local jails and local prosecutors off the property tax rolls would put more pressure on state sales and incomes taxes to fund them, which might mean postponing the reduction in state income tax rates — eventually to a top rate of 3.99% — something that draws howls of protest from the state business community.

It all makes for an interesting summer at the State Capital. State senators, generally, grumble about being called back into a special session — they have other jobs and vacations like the rest of us.

But Pillen was able to pull off the income tax reduction a year ago. Maybe he still has some magic in his tax-cutting wand.

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*Paul Hammel has covered the Nebraska state government and the state for decades. He retired in April as senior contributor with the Nebraska Examiner. He was previously with the Omaha World-Herald, Lincoln Journal Star and Omaha Sun.  A native of Ralston, Nebraska, he loves traveling and writing about the state.*