**Nebraskans United for Property Tax Reform and Education**

**Nebraska relies too heavily on property taxes to fund K-12 education. Adequate and sustainable funding of high-quality K-12 education, however, is imperative for Nebraska’s future. To reduce our reliance on property taxes and also maintain vital investments in K-12 education, other revenue sources must be found. Below are proposed actions lawmakers can take to generate revenue and help offset our high reliance on property taxes. Several of the revenue changes listed were included in LB 1084 in 2018 while others are new.**

**Provisions retained from LB 1084**

**Elimination of the following sales tax exemptions:**

Candy, soft drinks, and bottled water **$29.40 million**

Tangible personal property repair (motor vehicles) **$18.71 million**

Pet-related services **$16.21 million**

Real property remodeling, painting and repair and interior design for residential housing **$12.86 million**

Personal care services including hair care, massage, tanning, nail, spa, and tattoo services **$12.38 million**

Storage and moving services **$8.55 million**

Parking fees **$3.88 million**

Clothing cleaning and repair **$2.59 million**

Travel agency services **$2.20 million**

Membership and admissions to zoos and aquariums **$1.84 million**

Dating and escort services **$1.11 million**

Taxi, limousine, and other transportation services **$983,000**

Lawn care, landscaping, and gardening **$209,000**

Tele-floral **$207,000**

Tour operators **$110,000**

Historic automobile museums **$105,000**

Swimming pool cleaning and maintenance Not available

Music, dance, golf, and other recreational services Not available

**Other provisions from LB 1084:**

Raise sales tax by ½ cent **$137.50 million**

End S-corp./ LLC exclusion on out-of-state earnings **$82.90 million**

Add 7.84 percent surcharge on income above $250k for individuals, $500k for MFJ **$44.00 million**

Repeal special capital gains and extraordinary dividends exclusion **$20.30 million**

End tangible personal property tax exemption **$16.50 million**

Sunset New Markets Job Growth Investment Act Incentive Program **$11.75 million**

Tax on internet sales **$10.00 million**

Reinstate alternative minimum tax on high-income earners Not available

**Modified LB 1084 provisions:**

Increase cigarette sales tax by $1.50 per pack **$109.41 million**

**New provisions not in LB 1084**

Increase alcohol tax per gallon for: beer $1.07, wine $2.56, farm wine $2.56, spirits $8.53 **$121.33 million**

Eliminate itemized deductions (exempting medical) **$110.00 million**

Increase real estate documentary stamp tax by 50 cents per $1,000 valuation[[1]](#endnote-1) **$5.10 million**

End sales tax exemption on ride-sharing services such as Uber and Lyft **$1.94 million[[2]](#endnote-2)**

Repeal property tax exemption for fraternal benefits societies **$292,000**

End sales tax exemption for Airbnb type services **$281,777[[3]](#endnote-3)**

Include e-cigarettes in the cigarette tax[[4]](#endnote-4) Not available

Close online travel service loophole[[5]](#endnote-5) Not available

**Total estimated revenues generated by these provisions** [[6]](#endnote-6) **$782,634,025**

**Suggested Revenue Distribution**

**Revenue from the tax changes above would be distributed as follows**:

Increase the Property Tax Credit Program[[7]](#endnote-7) **$510.18 million**

Increase reimbursement rate for special education from 51% to 80%[[8]](#endnote-8) **$150.25 million**

Restore allocated income tax returned to school districts from 2.3% to 20% **$85.64 million**

Create renter’s credit component of Property Tax Credit Program **$18.98 million**

Increase the Earned Income Tax Credit from 10% to 15% **$17.40 million**

Conduct a school funding study similar to the one called for in LB 484 **$200,000**

**Total estimated dollars distributed**[[9]](#endnote-9) **$782,634,025**

**LB 1084 items removed from new proposal:**

**Measures proposed in LB 1084 that are not listed above include sales tax exemptions for auto and boat trades, newspapers, laundromats, school lunches, school events, museum art purchases, custom meat slaughtering, prepaid calling cards, purchases by zoos,** [[10]](#endnote-10) **investment advice, and real estate services on single-family homes. Another provision not included is the sunsetting of the Nebraska Job Creation and Mainstreet Revitalization Act.**

1. This would change the document stamp from $2.25 to $2.75 per $1,000 valuation. [↑](#endnote-ref-1)
2. This measure would generate an estimated $ $517,403.90 in local revenue. [↑](#endnote-ref-2)
3. This measure also would generate an estimated $360,000 in local revenue. [↑](#endnote-ref-3)
4. This measure would be modeled after Kansas’s recently-passed e-cigarette tax. [↑](#endnote-ref-4)
5. This measure would be modeled after a New York statute. [↑](#endnote-ref-5)
6. Estimates regarding measures marked “Not available” are still being compiled. These measures stand to significantly increase the revenue total generated by these changes.

   viii The tax on zoo memberships and tickets remain. [↑](#endnote-ref-6)
7. Estimate does not include $224,000,000 already going into the Property Tax Credit Program. [↑](#endnote-ref-7)
8. This proposal assumes fully funding of TEEOSA based on statutory provisions effective for the 2019-21 biennium without change. [↑](#endnote-ref-8)
9. Estimates regarding measures marked “Not available” are still being compiled. These measures stand to significantly increase the revenue total generated by these changes and any additional funds collected would be distributed into the Property Tax Credit Program. [↑](#endnote-ref-9)
10. [↑](#endnote-ref-10)