



CENTER ON BUDGET AND POLICY PRIORITIES

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NEBRASKA

Most states have structural weaknesses in their tax systems that put them at risk of experiencing gaps between revenues and necessary expenditures in coming years. The Center evaluated each state's likelihood of facing a structural deficit by determining how many of ten "risk factors" applied to each state. Nebraska is rated as having a moderate risk of a structural deficit based on its score of four on the risk scale for structural deficits.



- Nebraska could lose an estimated \$149 to \$232 million in revenue a year due to the growth of e-commerce. This loss is greater than the national average as a share of total revenue.
- Between 1994 and 2000, Nebraska reduced personal income taxes; between 2001 and 2004, the state raised sales and excise taxes and, to a lesser extent, personal income taxes. This is problematic since income taxes provide stronger growth over the long term than sales and excise taxes.
- Nebraska has a limit on the growth of local property tax revenue.
- Nebraska's income taxes are linked to the federal standard deduction, so that any increase in the federal standard deduction results in an increase in the Nebraska standard deduction, which reduces Nebraska tax revenue.
- Lastly, although this paper did not categorize Nebraska as having unusually high spending needs, it does face some spending pressures from: the number of students with special needs and Medicaid.