Taking Ownership

An Overview of Property Taxes in Nebraska

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POLICY INSTITUTE

About OpenSky Policy Institute

Our mission is to improve opportunities for every Nebraskan by providing impartial and precise research, analysis, education and leadership.

Founded in 2011, our vision is to be the most trusted resource for identifying, analyzing and communicating fiscal policy-improving opportunities for all Nebraskans.

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Introduction

Local property tax is often considered America's most hated tax (National Conference of State Legislatures, 2023). For many homeowners, their annual property tax bill may be one of their largest financial obligations of the year. Across the U.S., cities, counties and other local governments collect around $800 billion annually in taxes, and three-fourths of this funding comes from property taxes (Institute on Taxation and Economic Policy, 2023).

Although individual taxpayers may feel frustrated with their property taxes, they generally value and rely on the services this tax helps to fund – services like libraries, waste collection, public safety and, most of all, public schools, for which property tax is the largest revenue source in the U.S. (Tax Policy Center, 2020).

Nebraska began levying a state property tax in its first year of statehood, 1867, and continued collections until 1966, when voters adopted a constitutional amendment abolishing the use of property tax for state purposes (Legislative Research Office, 2020).

Since then, all property taxes in the state have been levied solely by local governments, also called political subdivisions, and are their primary tool to raise revenue. Local governments levied $4.3 billion in property taxes in FY21, or 34% of all state and local revenues that year (U.S. Census Bureau, State and Local Government Finances, 2023). (FY refers to fiscal year for any of the state and local governments who share data with the U.S. Census Bureau.)

This primer is intended to help policymakers and citizens better understand how property taxes are levied and spent in Nebraska. In it, we discuss the different classes of property, how property tax revenue is distributed, efforts the state has made to lower property taxes and inequities in how much people pay.

Table 1: Entities Collecting Property Taxes in Nebraska

TAX ENTITY	NO.
Cities & Villages	528
Fire Districts	410
Sanitary Improvement Districts	360
Townships	330
Public School Districts	244
Counties	93
Cemetery Districts	89
Health Care Facilities	86
Agricultural Societies	83

TAX ENTITY	NO.
Miscellaneous Districts	65
Airport Authorities	46
Historical Societies	32
Natural Resources Districts	23
Community Redevelopment Authorities	19
Educational Service Units	18
Community Colleges	6
Road Improvement Districts	6

Source: OpenSky analysis of data from Auditor of Public Accounts

Chapter 1: Why Levy a Property Tax?

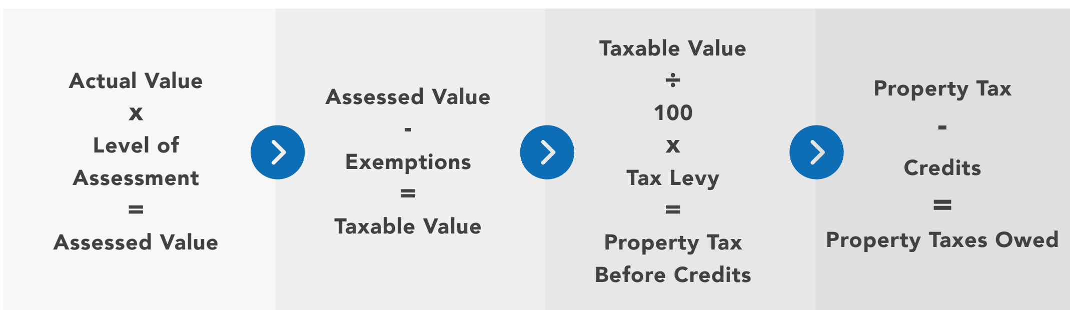
Property tax is a predictable and stable source of revenue that allows local governments to provide essential public services like schools, roads, fire protection, and law enforcement. The property tax also helps differentiate between taxpayers of different means by taxing those more who can afford higher-valued property (ITEP, 2023).

How the Property Tax Works

Property taxes are applied to three basic types of property: real property, centrally assessed property and personal property.

Real property includes land, buildings, improvements, fixtures, mobile homes, minerals and wells. Centrally assessed property generally applies to railroads, telecommunications, pipelines, and flight equipment of air carriers. Tangible personal property includes property with a physical existence such as equipment and trade fixtures (Legislative Research Office, 2020).

Figure 1: Calculating Property Taxes



The first step in the property tax process is the county assessor's role in determining a property's value for tax purposes. Property in Nebraska is taxed at what's called its actual value. Actual value can be determined by a variety of assessment methods, including a sales comparison, income approach or cost approach (Legislative Research Office, 2020). Physical characteristics of the property and the nature of the legal ownership can also be considered.

In Nebraska, the county assessor uses professionally accepted appraisal techniques to determine a property's value using the sales comparison approach, essentially an estimate of what the property would be priced at if it were up for sale (Department of Revenue, Assessment FAQs, 2023). For a typical home, the county assessor reaches an actual value by comparing recent sale prices for homes of similar size, age and features in the same area.

The Nebraska Constitution (art. VIII, § 1-1) requires all property taxes to be levied by valuation uniformly and proportionately within each type of property. This is known as the uniformity clause.

All real property is assessed at or near 100% of actual value, except agricultural and horticultural land which is assessed at or near 75% of actual value (Rev. Stat. § 77-201, 2023). Tangible personal property is assessed at 100% of the net book value, which is a standardized schedule for how property is valued for purposes of taxation.

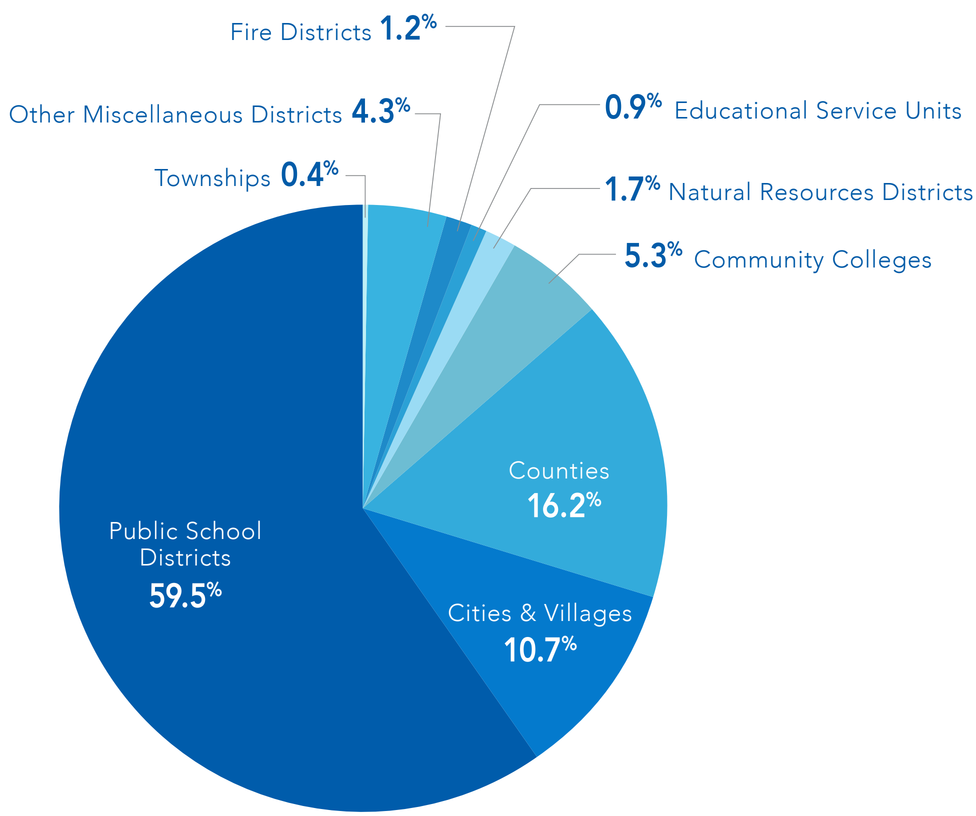
Property that is owned or leased by railroads and other public service companies is subject to central assessment by the state's property tax administrator. Centrally assessed values are developed by using information gathered from tax returns, annual reports to stockholders, reports from federal regulatory agencies, financial publications and a variety of industry publications (Department of Revenue, 2017).

Exemptions are allowed for property owned by certain educational, religious, charitable, and cemetery organizations and for agricultural societies (Rev. Stat. § 77-202, 2023). Property owned by the state and its political subdivisions is exempt if it is used for a governmental purpose.

What is a Levy?

While counties and the state property tax administrator conduct assessments to determine actual values of property, each taxing entity — the local political subdivisions — determines its tax levy. The levy is the tax rate applied to the value for all property within its boundary. Each political subdivision (city, county, school district, etc.) sets its budget based upon operating expenses and then determines the amount of property taxes needed to fund that budget.

Figure 2: 2022 Percentage of Property Taxes Levied by Political Subdivision



Source: Department of Revenue, 2022 Annual Report of the Property Assessment Division

Tax levies are expressed as dollars or cents per $100 of taxable value. As such, a property owner can calculate what they pay to each taxing entity before factoring in state credits, which are broad-based property tax relief programs discussed in chapter 2. The taxes owed on a property are calculated by dividing the taxable value by 100 and multiplying the result by the tax rate or levy. For example, a levy of 50 cents on a $200,000 home will generate $1,000 in property tax revenue for a taxing entity (($200,000 / 100) * $0.50 = $1,000).

Many of the political subdivisions authorized to levy property taxes are subject to a state-imposed levy limitation as shown in Table 2 (Rev. Stat. § 77-3442, 2023). For example, public schools are subject to levy limits of $1.05 per $100 of valuation, meaning public school districts may not set a levy of greater than $1.05 when determining their annual budgets. In FY22, the average school district property tax levy was $0.91 per $100 of assessed value, while 91 out of 244 school districts were near or above the $1.05 maximum levy limit since the state allows school districts to take some specific exclusions (Department of Education, 2023).

Nebraska's community colleges have levied property taxes since the 1970s to fund a portion of their operations, which has made Nebraka somewhat unique in the U.S. in how community colleges are financed. However, legislation passed in 2023 changed the way Nebraska's community colleges are funded (see chapter 2). Beginning in FY25, the state will fund community colleges' general operating expenses. However, community colleges will maintain the ability to levy 2 cents to fund capital improvements as well as the ability to seek board approval to levy property taxes to make up any difference in funding if the state doesn't meet its obligations (LB 243, 2023).

Table 2: Levy Limits by Taxing Entity

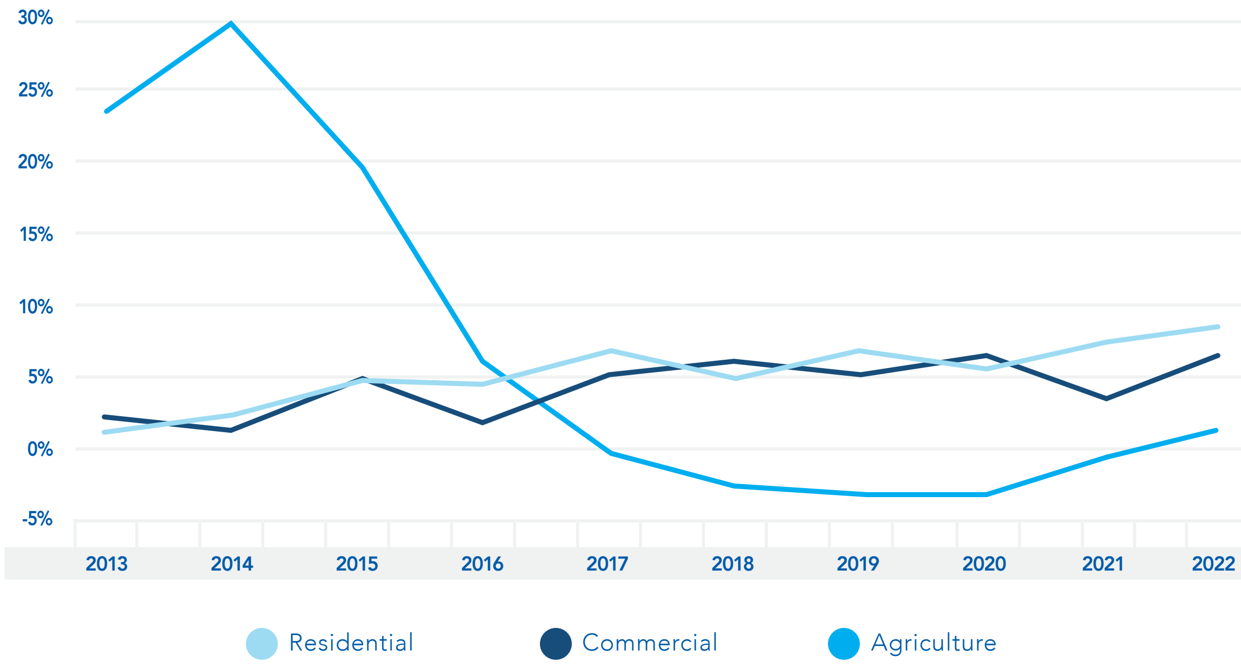
POLITICAL SUBDIVISION	MAXIMUM LEVY (PER $100 OF VALUATION)
Public School Districts	$1.0500
Counties	$0.5000
Cities	$0.5000
Sanitary Improvement Districts	$0.4000
Community College Systems	$0.1125
Natural Resources Districts	$0.0450
Educational Service Units	$0.0150

Source: Legislative Research Office, 2020

Revenue Key to Funding Budgets

Actual values of property are influenced by several factors, including physical changes to the property, economic factors such as inflation and fluctuations in land markets (Department of Revenue, Assessment FAQs, 2023). Because county assessors in Nebraska use a sales comparison approach to value property, valuations in Nebraska have increased in the past five years as sales prices have increased (Jansen & Stokes, 2023). Valuation increases can influence the amount of property tax collected on a property, but importantly, land ownership and its increases in value can be an important tool in building wealth (Libecap, 2018).

Figure 3: Historical Annual Valuation Growth by Property Type



Source: Department of Revenue, History of Valuation and Taxes Levied by Property Sector, 2022

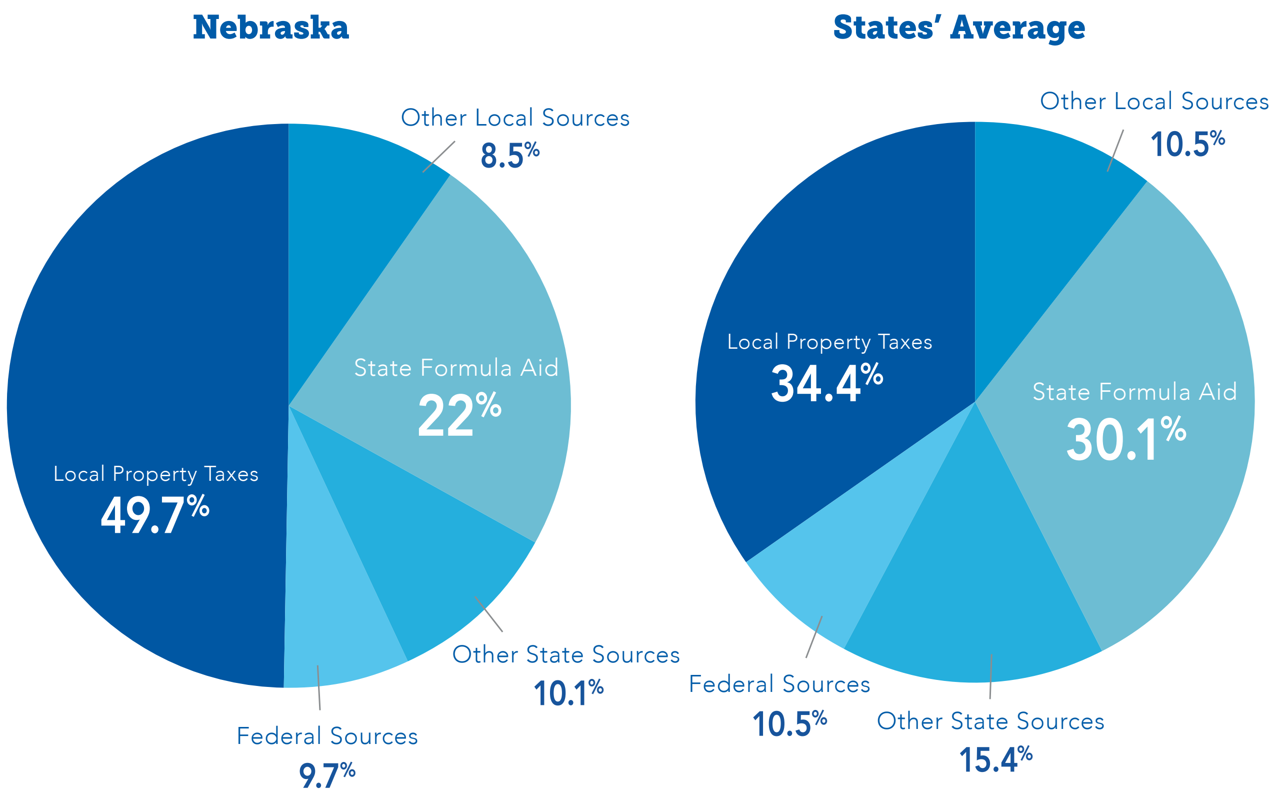
The amount of revenue a local political subdivision generates from property tax is dependent on the actual value of the property and the levy established. Levies fluctuate as political subdivisions respond to valuation changes and to their budgetary needs. Levies are typically set to allow a political subdivision to keep up with changes in socio-economic circumstances, the cost of inflation and ultimately, changing costs of providing services (Maher, Park, McDonald & Deller, 2003). When assessed valuation increases and the levy stays the same, property taxes will increase.

Unlike other local political subdivisions, public schools also receive state aid and must factor this in when setting their budgets. However, schools must navigate a complicated relationship between state and local revenue sources as they make decisions on their levies. The state uses a funding formula to determine state aid to individual school districts as described in the Tax Equity and Educational Opportunities Support Act (TEEOSA). For each district, the formula uses a basic concept of *Needs* minus *Resources*. The largest component of *Resources* is the Yield from Local Effort Rate. The "local effort rate" is a theoretical levy which determines how much a district could potentially collect in revenue from property taxes (the "yield"). However, the Yield from Local Effort Rate does not determine the actual property tax dollars a school district will receive (OpenSky, 2022).

The TEEOSA formula recognizes increasing property valuations within a school district as an increase in available *Resources* that the district can access to fund its budget. When compared to calculated *Needs* within the formula, an increase in *Resources* can therefore lead to a reduction in state aid to the district. Depending on the budgetary needs of the school district, their tax levy may need to change as a result.

Recent increases in agricultural land valuation, reflected as *Resources*, have caused the TEEOSA formula to reduce the amount of state aid for which some school districts may be eligible (OpenSky, 2022). These school districts, largely in rural areas, must then rely heavily on property taxes to operate. For an in depth look into Nebraska K-12 financing, see OpenSky's publication, *Investing In Our Future: An Overview of Nebraska's Education Funding System.*

Figure 4: 2021 Education Funding in Nebraska vs. U.S. Average



Source: U.S. Census Bureau, 2021 Annual Survey of School Systems Finances

As of FY21, Nebraska relies more on local property taxes to fund public schools than 48 other states. About 58% of K-12 public education funding in Nebraska comes from property taxes and other local sources, compared to the U.S. average of about 45% (U.S. Census Bureau, School System Finances, 2023).

A trio of bills passed in the 2023 legislative session may shift the state's ranking and the composition of K-12 funding sources in the state. The Legislature appropriated $1 billion of state funds to the Education Future Fund with the intent to transfer an additional $250 million in FY25 and again in FY26 (LB 818, 2023).

A corresponding bill provided $1,500 in foundation aid for every public school student, with 23% of the funding coming from the Education Future Fund (LB 583, 2023). It also provides for supplemental special education funding from the Education Future Fund such that each school district will be reimbursed for 80% of the allowable costs of providing special education and support services. Previously, state funds covered less than 50% of allowable costs, with districts relying on property tax to make up the difference.

Finally, the School District Property Tax Limitation Act was created to establish limits on how school district revenues can grow (LB 589, 2023). The impact of this legislation remains to be seen, but it effectively sets restrictions on how much school districts can rely on local property tax to fund their budgets, with the intent of lowering levies.

Chapter 2: Property Tax Credit and Exemption Programs

The Nebraska Legislature has established two broad-based tax credit programs and one targeted exemption designed to provide property tax relief to individual taxpayers to address concerns from taxpayers and constituents that property tax bills are high.

Property Tax Credit Act

In 2007, the Legislature created the Property Tax Credit Act. The tax credit is funded by the state and initially totaled $105 million per year. The Property Tax Credit Fund has increased steadily since that time, reaching a minimum of $360 million in 2023 (Rev. Stat. § 77-4212). With the first state-licensed casinos opening in 2023, 70% of taxes on gross gaming revenues will be added to the Property Tax Credit Fund annually (Rev. Stat. § 9-1204). The Legislature increased the minimum amount of tax credits to at least $550 million by 2029, at which point the fund will grow annually at the same rate as statewide growth in valuations (LB 243, 2023).

The Department of Revenue calculates a statewide uniform rate of credit based on property type, which is used to determine the amount of the credit granted to the taxpayer based on valuation. As of 2017, agricultural real property is valued at 120% of actual value for the credit whereas non-agricultural real property is valued at 100% (Department of Revenue, Real Property Tax Credit, 2023).

The property tax credit does not affect tax rates or property assessments and is dispersed by the state to reimburse political subdivisions for the amount deducted from taxpayers' property tax bills. As a result, the credit reduces property taxes owed by property owners without reducing revenue for political subdivisions (Legislative Research Office, 2020).

Figure 5: Taxing Entities Reimbursed for Property Tax Credit

Property Tax Incentive Act

The Nebraska Property Tax Incentive Act (Rev. Stat. §§ 77-6701 to 77-6706, 2023), passed in 2020, established a refundable income tax credit for property taxes paid to support K-12 schools and, beginning in 2022, property taxes paid to support community colleges.

The credit is provided to taxpayers as a percent of taxes levied for each entity and is calculated by the Department of Revenue by dividing the amount of dollars available for each credit by the total property taxes levied for each respective entity, except for bonded indebtedness and levy overrides. Property taxpayers are required to claim the credits on their income tax return, and as a result, the credit does not reduce property taxes paid. The credit started at 6% in 2020 for taxes paid to school districts and grew to 30% for tax year 2022 (Department of Revenue, Form PTC, 2023). It is expected to continue to grow each year.

Table 3: Property Tax Incentive Credits Continue to Grow

TAX YEAR	PROPERTY TAX INCENTIVES ALLOCATED FOR TAXES PAID TO K-12 SCHOOLS
2020	$125M
2021	$548M
2022	$548M
2023	$561M
2024-28	Prior year's amount increased by growth in statewide valuation
2029	Prior year's amount increased by growth in statewide valuation plus $75M
2030+	Prior year's amount increased by growth in statewide valuation

Source: Rev. Stat. § 77-6703, 2023

The credit for taxes paid to community colleges was also 30% in its first tax year, 2022 (Department of Revenue, Form PTC, 2023). This portion of the credit will total $100 million for tax year 2023 and, beginning in 2024, will equal 100% of the taxes levied by community colleges, excluding bonds and levy overrides. As noted in Chapter 1, legislation passed in 2023 will in time shift funding for community colleges' general operating expenses from property taxes to a state appropriation, with certain exceptions (LB 243, 2023).

Despite the additional dollars made available by the Legislature for taxpayers to claim, not all of the credit has been paid out by the state. About 40% of all Nebraskans in tax years 2020 and 2021 did not claim the property tax credit on their state income tax return, with about $128 million of property tax credit refunds remaining unclaimed in 2023 (Hammel, 2023).

While these tax credit programs provide direct relief to individual property owners, they stand to reduce state revenues by $661 million in FY24, if claimed at 100% (Rev. Stat. §§ 77-6702 and 77-6706, 2023). They also act as an indirect state subsidy to local political subdivisions outside of traditional state aid.

Targeted Relief through Homestead Exemption

The homestead exemption program begun in 1969 is designed to provide targeted property tax relief to qualifying elderly individuals, certain disabled individuals and their widow(er)s who own and live in the home. It is one of the only programs in Nebraska targeted to provide property tax relief to economically disadvantaged taxpayers (Department of Revenue, Homestead Exemption, n.d.).

Exemptions under the program work to reduce the taxable value of the eligible taxpayer's property, such that some or all of the value is exempt from tax. Instead of the taxpayer paying taxes on the full amount of the taxable value of the property, the state reimburses counties and other local political subdivisions for those taxes exempted under the program. The homestead exemption cost the state $46.5 million in 2003 (Legislative Research Office, 2020), expanding to $119.3 million in FY22 (Department of Revenue, Homestead Exemptions, 2023).

Chapter 3: Paying Your Fair Share

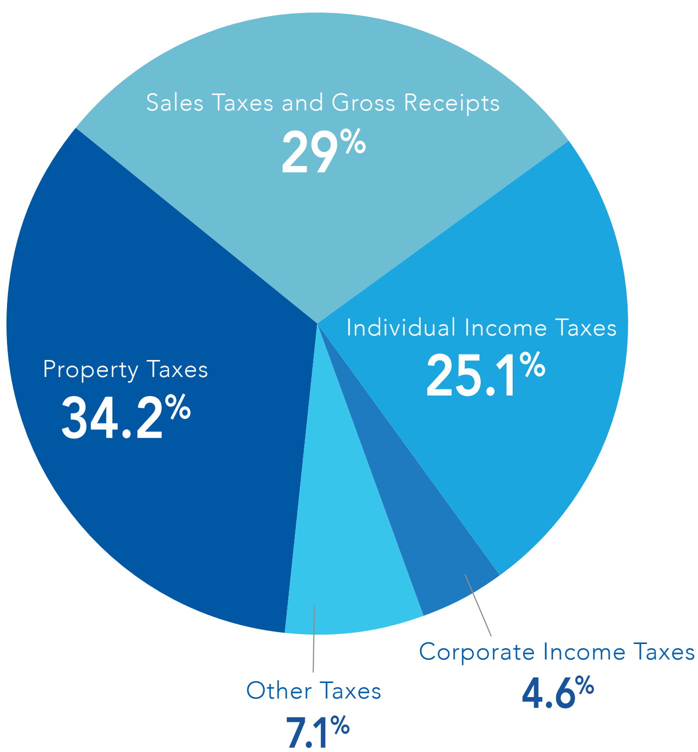
To the individual taxpayer, property taxes can feel like a minor blip or a significant financial burden depending on where you live, even when these taxes provide for essential services. There are a variety of ways in which to look at whether the levying of property taxes is fair or equitable.

The Three-Legged Stool

Nebraska's tax structure was designed so that the sources of revenue were a proportionate mix between property, income and sales taxes – sometimes referred to as a "three-legged stool" (Minnesota Department of Revenue, 2023). A proportionate mix maintains stable funding for government services and spreads taxes more equitably, such that total tax revenues are distributed roughly evenly from property taxes, from personal and corporate income taxes, and from sales taxes. However, property taxes currently account for 34% of total tax revenue collected in Nebraska, while 30% comes from personal and corporate income taxes and 29% from sales taxes. Other taxes make up the difference. (U.S. Census Bureau, State and Local Government Finances, 2023).

A key goal of tax policy is to assess whether different tax types are regressive or progressive, meaning whether they take a larger share of collections from low-income groups (regressive) or from high-income groups (progressive) (IRS, 2023). Whether property taxes themselves are regressive depends largely on the effectiveness of methods to ensure assessments are consistently proportionate to values (University of Chicago, 2023). The current balance of Nebraska's three-legged stool suggests that a way to reduce Nebraska's reliance on property taxes in a progressive manner would be to increase overall reliance on personal and corporate incomes taxes, which are most easily designed to be progressive (Iowa State University, 2022).

Figure 6: 2021 State and Local Tax Collections by Type



Source: U.S. Census Bureau, 2021 Annual Survey of State and Local Government Finances

Property Taxes Support Local Governments and Schools

Understanding why Nebraska is proportionally reliant on local property taxes requires understanding the revenue sources of Nebraska's hundreds of local political subdivisions. In 2022, public schools levied 59% of the total property taxes collected in Nebraska (Department of Revenue, Taxes Levied by Taxing Subdivision, 2023). As discussed in chapter 1, Nebraska public schools combine their local property tax revenues with state aid and some federal aid to pay for school district expenses.

While public schools draw the largest share of property taxes in Nebraska, counties and cities combined account for 27% of all property taxes levied (Department of Revenue, Taxes Levied by Taxing Subdivision, 2023).

County governments in Nebraska rely on several sources of revenue to fund services they provide. These include property taxes, fines, fees, an inheritance tax as well as other miscellaneous income. Of these sources of revenue, property taxes are the largest revenue generator for county government, and counties levy 16% of the total property taxes collected in Nebraska (Department of Revenue, Taxes Levied by Taxing Subdivision, 2023).

For Nebraska's municipal governments, typical sources of revenue are fees for services, fines, utilities, and property taxes. Cities and villages levy 11% of the total property taxes collected in Nebraska (Department of Revenue, Taxes Levied by Taxing Subdivision, 2023). Both cities and counties can also levy a local option sales tax to supplement their revenues (Rev. Stat. §§ 13-319 and 77-27,142, 2023). In 2011, the Nebraska Legislature eliminated direct state aid to counties and cities (LB 383, 2011). This move effectively increased local government's reliance on property tax revenue to fund services and infrastructure.

The remaining 14% of property taxes levied in the state are collected by a variety of smaller local political subdivisions, including the community colleges, natural resources districts, educational service units, and fire districts (Department of Revenue, Taxes Levied by Taxing Subdivision, 2023).

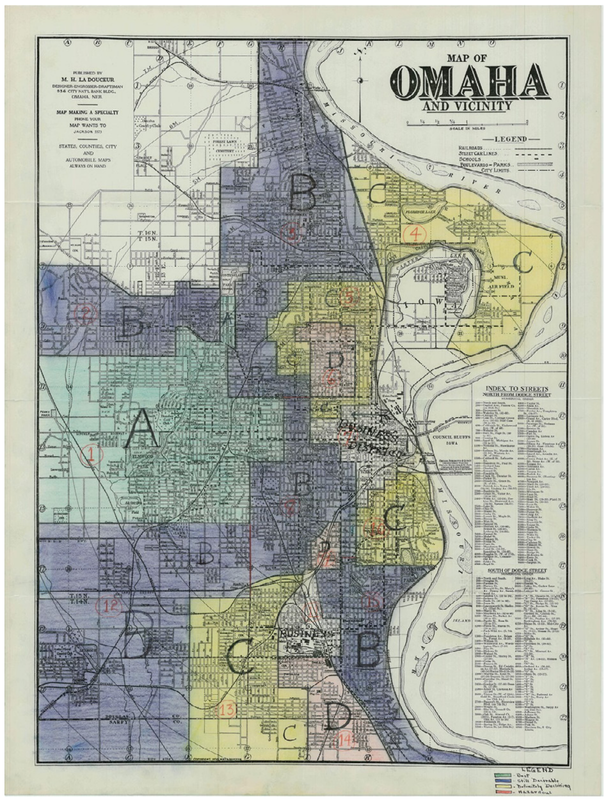
Redlining and Residential Segregation in Nebraska

Economic history is also a factor in property values and influences the resources available to local governments even today.

Redlining was a historic practice originating when the federal government declined to guarantee home mortgages to people living in specific neighborhoods, often based on who lived there (Cornell Law School, 2023). In 1933, the federal Home Owners' Loan Corporation (HOLC) was established to refinance home mortgages in an effort to prevent home foreclosures during the Great Depression. As part of this effort, HOLC created maps in metropolitan areas outlining the mortgage-lending risk of specific neighborhoods, and these maps were then used to determine whether the people living in these neighborhoods could participate in federal programs supporting home ownership (Mitchell & Franco, 2018). Color-coding on the maps designated neighborhoods in green, blue, yellow, and red, spanning lending risk from "best" to "hazardous" (UNO, n.d.). Specifically, racially integrated neighborhoods and neighborhoods that were home predominantly to Black families or other people of color were identified as risky and not good investments for banks and other private lenders. In Nebraska, both Omaha and Lincoln were mapped in this manner (UNO, 2023; Reist, 2021).

In Nebraska and across the U.S., redlining was a major factor in creating and reinforcing residential segregation, in which people of different social groups live physically separated from each other (Hadden Loh, Coes & Buthe, 2020). This banking practice contributed to a cycle whereby Black homeowners living in redlined neighborhoods could not sell their homes, nor could Black families obtain market rate loans to purchase homes in redlined areas. At the same time, white families were able to leave redlined neighborhoods that had been racially integrated and increasingly and almost exclusively purchased and financed homes in neighborhoods that were not redlined and considered less financially risky.

Figure 7: History of Redlining in Omaha



Source: University of Nebraska at Omaha

Redlining was eventually prohibited under the Fair Housing Act of 1968; however the red lines drawn around Nebraska neighborhoods continue to affect communities today. One of the continuing effects of redlining is depressed property values in neighborhoods that were targeted for disinvestment (Hadden Loh, Coes & Buthe, 2020).

Residential segregation and the reinforcement of depressed property values have a direct effect on school funding, since school districts in Nebraska and other states are heavily reliant on property taxes. Areas that were historically redlined often struggle to maintain and enhance their local property tax base to fund schools, which may serve communities with greater educational needs than wealthier neighborhoods. Depressed property values can also lead to higher tax rates which cause a greater financial burden on property owners. The lack of resources can then lead to fewer government services, creating a vicious cycle (Cleveland, 2022).

Property Taxes in Nebraska Compared to Other States

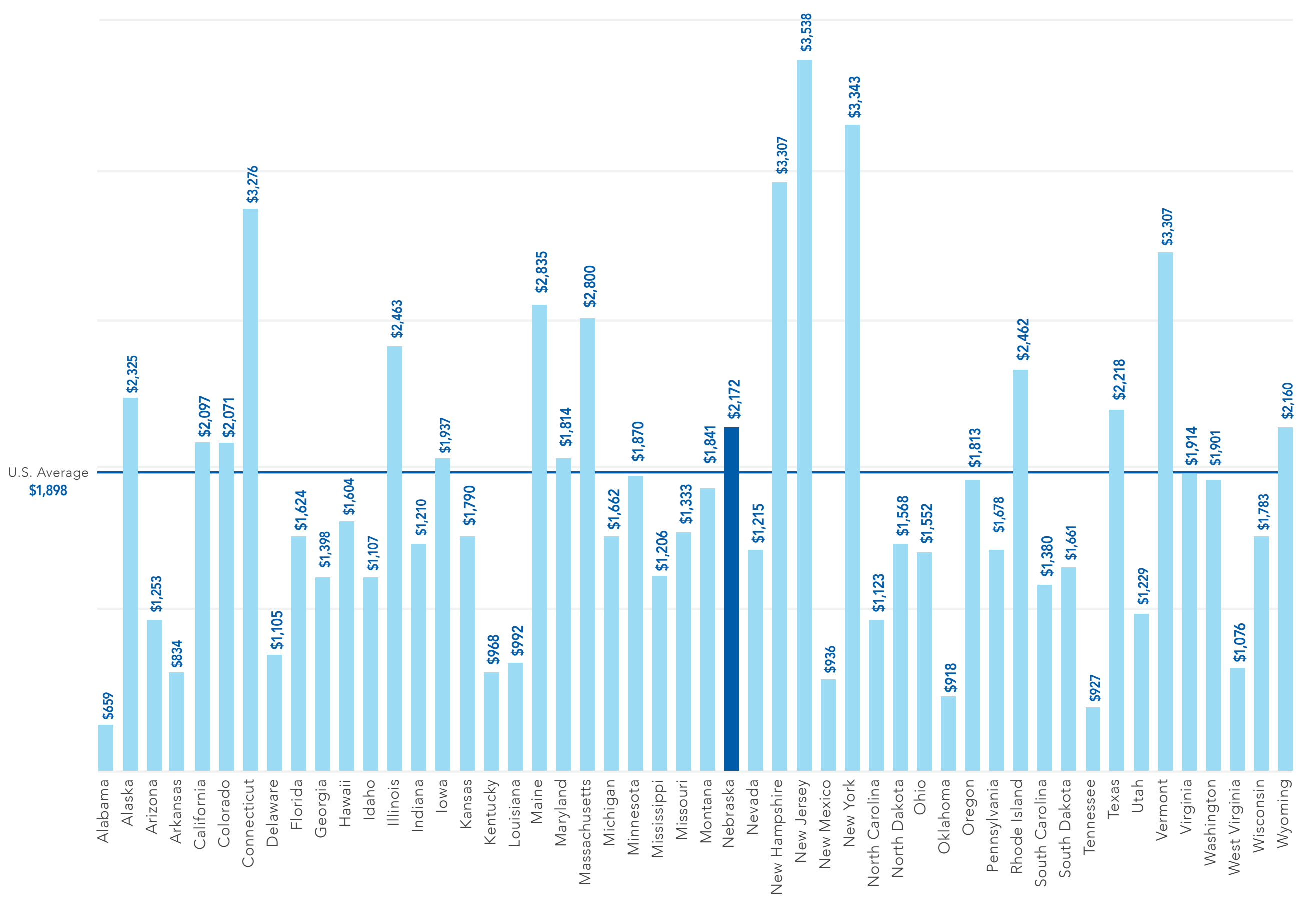
In assessing whether Nebraskans are paying their fair share in property taxes, it's also helpful to consider how Nebraska compares to other states in how they levy property taxes. Nationwide, the average amount of property taxes collected per capita was $1,898 in FY21. The lowest property tax collected per capita was in Alabama at $659 and the highest was in New Jersey at $3,538, according to the U.S. Census Bureau (State and Local Government Finances, 2023).

Property tax revenues per capita in Nebraska amounted to $2,172 in FY21, the 12th highest among the 50 states. When compared to our neighboring states, Nebraska levies the highest per capita property taxes, although Wyoming and Colorado are close in per capita amounts (U.S. Census Bureau, State and Local Government Finances, 2023).

However, a reliance on property taxes to finance local services does not necessarily indicate a high overall tax burden. Some states, like New Jersey, have high property tax burdens in addition to high income and sales taxes. However, a greater reliance on property taxes is often a substitute for lower, or no, taxes in other areas (Tax Foundation, 2021).

States and localities that generate less revenue through property taxes tend to depend more on sales taxes along with individual and corporate income taxes, and state governments may assume a greater responsibility for funding local governments than is the case in Nebraska.

Figure 8: Property Tax Per Capita (2021)



Source: OpenSky analysis of 2021 Annual Surveys of State and Local Government Finances (U.S. Census Bureau, 2023)

Property taxes are largely rooted in the "benefit principle," meaning that the amount of tax paid is intended to be roughly commensurate with the value of public benefits received (Tax Foundation, 2020). Strong public services can make municipalities more desirable, thereby increasing residential property value. The strength of the property tax is also in its stability and reliability (Gordon, 2020). Although property values surged in recent years, they historically don't change much from year to year. When valuations change, local governments adjust the levy to a level necessary to fund operations. Property also cannot be relocated in order to avoid taxes.

Who Pays Nebraska's Property Taxes?

Nebraska property taxes on agricultural land historically have been higher than other states as a percentage of net farm income. Since 1950, property taxes on agricultural land in Nebraska have been 46% higher than the U.S. average (Nebraska Farmer, 2019). In 2017, agricultural property taxes paid were 47% of Nebraska net farm income, defined as production income minus expenses (UNL, 2020). These factors may account for some of the frustrations Nebraska's agricultural community express in paying for property taxes relative to often unpredictable farm incomes.

While the growth in agricultural property taxes has only grown as fast as inflation since 1980, the growth in residential, commercial and industrial sectors has generally kept pace with Nebraska's growing economy (Legislature, Taxes in Nebraska, n.d.).

Conclusion

Property taxes are complex, with several moving parts including assessment methods, levy decisions, and the availability of credits and exemptions to target who pays and how much. Behind each of these tools are policy decisions that reflect the priorities and the needs of state and local governments in Nebraska.

Many taxpayers may see their property tax statements and feel frustrated, but how do we educate our children, help families live out the American dream of homeownership, keep our cities and towns running or fight the next prairie fire without local revenue? Hundreds of political subdivisions providing services in Nebraska's metropolitan areas and across our rural landscape are dependent on property taxes. Property taxes are not just a matter of how much is taken out in escrow on a mortgage or how to account for the property tax bill when crop yields are down, although these are critical considerations for Nebraska taxpayers. Without adequate funding, the operations of our local governments would suffer, particularly when several forms of local government in Nebraska receive little in state aid.

Answering the question of whether our property taxes in Nebraska are fair also requires considering several moving parts. Constructed as a three-legged stool, Nebraska's tax system is dependent on the interplay between property taxes, sales taxes, and personal and corporate income taxes. In order to maintain existing services at both the local and the state level, especially in a time of inflation, any adjustment to one of the legs would require a corresponding adjustment in the others. The Nebraska Legislature has expanded its property tax credit programs in recent years while also increasing state aid to public schools and community colleges, reflecting decision-makers' focus on lowering reliance on property taxes. However, attention to reducing property taxes without considering their interplay with income and sales taxes could imbalance the stool in another direction or put the services that all Nebraskans hold dear at risk.

Policy decisions come with significant consequences that can be long-lasting, as the legacies of redlining and residential segregation make clear in Nebraska and across the U.S. We hope this primer helps Nebraskans understand how and why we tax property, what property taxes are used for and the trade-offs state and local governments must weigh as they consider how best to take ownership of Nebraska's property tax policy.

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