



YOUR VIEW

Grow Nebraska

JIM VOKAL

CEO at the Platte Institute

Well known highway issues aside, I still love the scenery on my frequent drives from Omaha to Norfolk.

Every time I visit, I learn something new about the achievements of the region's communities. This locally owned newspaper is one example, along with News Channel Nebraska. Both have been great resources throughout the pandemic.

Norfolk has a history of producing creative and innovative Nebraskans. The work being done here in agriculture, education, manufacturing, and at businesses on Norfolk Avenue always gives me the sense that its future potential is even greater.

But local economic efforts are impacted by decisions made in Lincoln, too. That's why, in 2018, Blueprint Nebraska was established to harness the state's talent and create a vision for growing Nebraska over the next decade.

This process included more than 60 forums statewide, collecting feedback from thousands of Nebraskans on topics including entrepreneurship, housing, health care, workforce development, and diversity and inclusion.

This is necessary, because for all of our state's fundamental strengths, government in Nebraska is often using an outdated playbook, creating a competitive disadvantage.

From taxes, to the rules for getting a job or starting a business, to housing options, and changing demographics in our state; many of our approaches need

modernization and reform.

Too often in Lincoln, Nebraskans are faced with the false premise that our quality of life in these areas can't improve without more and higher taxes. But new polling we've conducted at the Platte Institute shows Nebraskans feel increasing concerns about property taxes and other taxes coming out of last year's recession. Although Nebraska has experienced some population growth from new residents over the past decade, it pales in comparison to states with more attractive tax climates.

This all means if policymakers want to dream big, they need solutions based in growing the state and the tax base, not the tax burden.

States that are competing with Nebraska demonstrate a model that works and has informed Blueprint Nebraska on tax modernization. Consider the case of nearby South Dakota and Iowa. Over recent decades, IRS data show three Northeast Nebraska counties have lost tens of millions of dollars in annual adjusted gross income to counties across the state line. Knox and Cedar Counties both lost about \$12 million each to Yankton County, South Dakota, while Dakota County lost more than \$50 million to Union County, South Dakota, and Woodbury County, Iowa.

Communities in these states often eat our lunch because they are less reliant on taxing the very resources we need more of in Nebraska: workforce, housing and business investment.

Instead of levying income taxes, high personal property taxes on business equipment, inheritance taxes, and more,

South Dakota relies on a broad sales tax base including both goods and services. In recent years, Iowa has also modestly broadened its sales tax while enacting reduced income tax rates and more limitations on property taxes.

Meanwhile, in Nebraska, most services are exempt from sales tax — a holdover from a time when services were a much smaller share of economic activity. This means all our other taxes, including the sales tax, are higher than they otherwise could be.

While tax policy is far from the only issue Blueprint Nebraska seeks to address, it is a critical part of having a sustainable plan to succeed in the other areas.

Nebraska has been given a rare opportunity rising out of last year's recession. While no one escaped the pandemic unscathed, our relative economic stability makes us well-positioned to focus on creating a future where Nebraska is more attractive to people and the opportunities they're looking for.

With the Nebraska Legislature still at the early stages of its two-year legislative session, senators are beginning to ask how the feedback of the Blueprint Nebraska process can be used to shape policy in our state.

I'd welcome you to join the many Nebraskans already involved in Blueprint Nebraska, to help communities like Norfolk build upon their proud traditions, and create an even stronger foundation for the 21st century.