

NEBRASKA PROPERTY TAX ISSUE SURVEY 2-3-21

ANALYSIS SUMMARY

Nebraskans certainly agree they are overtaxed, with a significant majority wishing to see property tax reductions. There is also very strong support for eliminating the inheritance tax, though this is a much lower priority than achieving property tax relief.

State residents are strongly in favor of a constitutional amendment to limit property tax revenue growth. They also strongly support a requirement for local governments to inform taxpayers about tax increase public hearings and to allow for virtual public comments.

Taxpayers support all three property tax reforms tested, especially relief for agricultural landowners. Reducing the motor vehicle tax and eliminating the property tax on business equipment are also strongly supported. And there is limited opposition to replacing tax credits with tax reductions.

Where there is controversy is over how property tax relief is achieved. The idea of ending local property taxes and state income taxes and replacing them with a sales tax is very controversial. This is not likely to be a successful amendment unless significant resources are spent promoting the measure and persuading voters who are uneasy with the idea.

Nebraskans are much more willing to broaden sales taxes to achieve some property tax relief, even if that relief is less than an outright elimination of property taxes. When considered with the split opinions on the state taking a greater role in funding public schools, it's clear the public still prefers to pay local property taxes and retain control over their local school districts, they simply want to see some reductions in those property taxes.

This is clearly the path forward, especially with 27% choosing to pay more in sales taxes to achieve property tax relief while only 10% chose the "easy path" of increasing business taxes to achieve that relief.

DETAILED ANALYSIS

As expected, Nebraskans' top priority for tax relief is property taxes. 55% choose this tax as the main tax they would like to see reduced, more than the other five options combined (34%). Republicans are more likely to prioritize property tax relief (60%) as are middle-aged adults (59%), while Democrats (46%) and younger adults (49%) are less likely.

All state residents believe it is important to reduce or eliminate the inheritance tax (net +64%). An overwhelming 80% think this is important, including 64% who think it is very important, compared to only 15% who think it is unimportant. While all demographic subsets show strong support, the strongest support comes from Republicans (net +85%) and the weakest from Democrats (net +40%), with Independents a little below the average but still very strong (net +52%).

Nebraskans are concerned about being able to pay their property taxes. 77% are somewhat or very concerned, while only 19% are not concerned. Republicans are more concerned (84%) than Democrats (66%) or Independents (78%), but all subsets report being significantly concerned. COVID has had an impact on these concerns, with 43% of residents more concerned about paying their property taxes as a result of the pandemic.

Taxpayers are evenly split on whether it is more important for lawmakers to reduce their current taxes or limit future increases (45% each). Republicans (by 14%) and seniors (by 11%) prefer reductions, while Democrats (by 13%) and Independents (by 10%) prefer limiting future increases.

A plurality of Nebraskans believe the legislature has not focused enough on property taxes (44%), while only 16% believe they have focused on it too much. It should be noted that Independents believe the legislature has focused on it too much the most out of any subset (25%), though still a plurality of Independents (39%) believe they haven't focused on it enough.

A constitutional amendment to limit the growth of property tax revenue to no more than 3% each year garners strong support (net +36%). Support is strongest among Republicans (net +49%) and Independents (net +36%) while still positive among Democrats (net +16%). Support for the amendment increases with age, with seniors the most supportive (net +41%).

The public is mostly aware of the legal requirement for local governments to hold public hearings (44%), though males (50%) seem more aware than females (38%). Nebraskans universally agree local governments should be required to inform taxpayers by mail about tax increase public hearings (net +68%), with females especially in favor (net +75%). And they favor allowing virtual public comments (net +49%), with Democrats (net +60%) and females (net +66%) most in favor and Independents (net +38%) and males (net +32%) least in favor.

All three property tax reforms tested are supported by residents. Net +27% support reducing the motor vehicle tax, with support strongest among Republicans (net +44%) and younger adults (net +38%). Net +24% support eliminating the property tax on business equipment, with Republicans (net +35%) and females (net +31%) most in support and Democrats (net +6%) and males (net +16%) least in support. The strongest support is for property tax relief for agricultural landowners (net +37%), with significant support among all demographics.

There is limited opposition to replacing tax credits with tax rate or valuation reductions. Support is net +60%, with 45% strong support, and consistent across all demographics.

The potential constitutional amendment to end local property taxes and state income taxes and replace them with a sales or consumption tax is a very controversial issue. Support (42%) and opposition (43%) are almost exactly split, with 28% of Nebraskans strongly opposing the amendment. Republicans were only slightly more in favor of the amendment (net +7%) and Democrats slightly more opposed (net -13%).

Nebraskans are much more supportive of expanding sales taxes to reduce property and income taxes (net +39%). Support for this concept is strong across all demographics.

Meanwhile, residents are overall supportive of the state taking a greater role in funding public schools (net +6%), but not by much. This slight level of support is consistent among all demographics, though strongest among seniors (net +15%).

Finally, after hearing all the options to achieve property tax relief, Nebraskans wish to see a change (49%), but a nearly equal number either want to keep things the same (23%) or are unsure (29%). Of those who wish to see a change, most (27% of the 49%) are willing to pay more in sales and use taxes to achieve property tax relief. Republicans, seniors, and males (30% each) are slightly more in favor of this option than Democrats (23%) and females (24%), with Democrats being a little more willing to support increased state income taxes (13%) and business taxes (12%) instead.

POLL METHODOLOGY

Results for these polls are based on automated and live telephone interviews conducted among a statewide sample of active likely voters. Data for this survey research was collected by Victory Geek for Cor Strategies.

Automated interviews were conducted via a computer-assisted telephone interviewing system utilizing techniques designed to achieve the highest possible respondent cooperation. Live interviews were conducted by live interviewers among a random subset of cell phone respondents.

The surveys were conducted from Monday, January 25th through Saturday, January 30th. 862 responses were gathered, 42% from cell phones, for a margin of sampling error of $\pm 3.34\%$.

Data is modeled in real-time as the interviews are conducted using our proprietary system, which determines interview targets based on weighted demographic information from the U.S. Census Bureau's Current Population Survey Voting and Registration Supplement. Data is sampled by using demographic information from current voting registration statistics as provided by the Nebraska Secretary of State to construct sample target weights.

The Platte Institute for Economic Research paid for all costs associated with this survey.