**For Release Wednesday, April 29, 2020**

**Capitol View
Commentary by J.L. Schmidt
Statehouse Correspondent**

**The Nebraska Press Association**

**Economic Impact of Coronavirus Slowly Emerging**

 The Coronavirus which is killing Nebraskans and making others very sick also has the potential to greatly injure Nebraska’s economy, an impact which will be felt for at least the next 3 years or longer.

 That impact is already changing the Nebraska Legislature and the hopes and dreams of some lawmaker’s ability to push pet projects through to completion in the final 17 days of the current legislative session, whenever that happens.

There will be things, big things that just won’t make it. Things like property tax relief and increased school aid – sponsors just don’t have the votes necessary to push that big rock up the hill. Economic incentives for big businesses, a plan to rewrite current law which expires in July, is likewise burdened by some who tie its passage to the passage of the property tax bills.

One tragic victim may be the $2 billion-plus project to expand the University of Nebraska Medical Center to meet the needs of a federal program to deal with things just like the current pandemic. The proposal carries a nice federal grant and a lot of prestige for a state medical system that has been known worldwide for its response to the Ebola crisis a few years ago and even the early stages of the Coronavirus with treatment of infected cruise ship passengers from all over the country.

The chairman of the Legislature’s Appropriations Committee, Sen. John Stinner of Gering, said recently that he couldn’t predict the length or depth of the effects, but the pandemic will cause a significant decrease in tax receipts for the state. That could mean the $133 million that was to be doled out by

**For Release Wednesday, April 29, 2020 – Page 2**

senators for certain spending bills, property tax cuts and tax incentives in the pending legislative session could be shoved aside, depending on the length and depth of economic effects and the limits on federal government reimbursements.

National watchdogs say that state revenues will decrease anywhere from 10 percent per month up to 25 percent. That’s a hit yet to be factored into a state budget that is still awaiting approval in Nebraska. Stinner calls the situation “fluid, subject to a lot of interpretation and a moving target” for state lawmakers.

Just when lawmakers and their fiscal analysts can gather again face-to-face is also a moving target. The worst has yet to hit Nebraska, even though diagnosed cases are increasing every day and the death toll inches higher. Unemployment and Medicaid payments are going up. Stinner said every state agency will be impacted in some way. Game and Parks will take a hit because of closed campgrounds and diminished income from that. That’s just one example.

The state has a two-year budget in place, but Gov. Pete Ricketts and the Appropriations Committee offered modifications in this year's legislative session that had nothing to do with the coronavirus outbreak. Because the session was suspended until further notice in March, those budget bills have gone only through the first round of debate. Constitutionally, the Legislature is under the gun to get a budget passed, in fact, that’s all it is required to do. A fact well worth remembering in trying times like these.

Prior to the pandemic, the state's cash reserve was on track to grow to $731 million, but that could be reduced going into the next two-year budget to $455 million.

March was a fairly strong month for tax receipts, Stinner said, but with a 30-day lag in sales tax reporting, the report for April will be more indicative of what is happening with restrictions on businesses and social gatherings amid

**For Release Wednesday, April 29, 2020 – Page 3**

the outbreak. And an economic forecast in November will give the state a better idea of revenue.

One piece of good news from all this? No new taxes. Stinner said raising taxes in the middle of a recessionary environment is really not a good idea. "Economically, you can't burden people with additional taxes when they're just trying to survive," he said.

There’s a lot to think about in this time of pandemic pandemonium. Just remember to check in on your friends and neighbors as we practice social distancing. Wash your hands. Don’t touch your face. Wear a mask when you go out.

--30--

*J.L. Schmidt has been covering Nebraska government and politics since 1979. He has been a registered Independent for 20 years.*

[+2](https://journalstar.com/news/state-and-regional/govt-and-politics/nebraska-will-offer-online-grocery-buying-for-snap-recipients/article_3e62a44b-e145-5c68-94cb-45627d379fa8.html)