**For Release Wednesday, February 1, 2023**

**Capitol View**

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**Critics Question Sustainability of Governor’s Proposed Tax and Education Plan**

The new governor says his proposed tax cuts are historic. Critics say they are not sustainable.

Rookie mistake by the pig farmer politician who is backed by his Republican party and most of the 32 Republicans in the Nebraska Legislature. Maybe it’s all of them, I haven’t taken a poll.

Somebody forgot to explain to Governor Jim Pillen that the $1.9 billion excess funds he claims will make all this work are “projected” to be in the state coffers. That means the so-called strong tax receipts might, or might not, come.

OpenSky Executive Director Rebecca Firestone said in a press release that “to ensure our state’s future fiscal health, it will be important for policymakers this session to prudently use the projected $1.9 billion on proven initiatives that empower hardworking Nebraskans to support their families and their communities.”

State Sen. Lou Ann Linehan, who chairs the Legislature’s Revenue Committee, said “we have over $2 billion in extra funding, which clearly means that we are taxing people too much. That includes funds from the state’s cash reserves. “To say that we shouldn’t cut taxes shows a total disregard for the taxpayers.”

Firestone, of the Lincoln-based think tank, said Nebraska is experiencing strong revenues in large part because of the influx of federal dollars since the COVID-19 pandemic and not because of policies enacted at the state level. “Agreeing to large, ongoing expenditures based on temporary funds or making structural changes to the tax code could force cuts to schools, health care and other key services or lead to increases in taxes, fees and fines when revenues lag in the future,” she said.

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Jim Vokal of the Omaha-based Platte Institute said he was excited to see the new governor’s focus “on objectives important to Nebraska’s taxpayers: reducing the overall tax burden on our families and businesses and making our state economically competitive for job creation and growth.”

While his organization is still analyzing Pillen’s proposals, he said it’s important that a conversation is underway to “move Nebraska in the right direction” in terms of lower taxes. He added that if other, and new, sources of tax income are needed to afford the Pillen initiatives, the state should consider rescinding some of the sales tax exemptions it now provides.

The Platte Institute has long argued for expanding the state’s sales tax base by removing exemptions for some things, including services.

Highlights of Pillen’s plan include a gradual reduction in state personal and corporate income tax rates to a flat, 3.99% — which mirrors the rate recently adopted in Iowa — and a shift in the funding of community colleges off property taxes. It also would adopt a new way of valuing agricultural property based on the land’s income-producing potential and would limit increases in ag land valuations for tax purposes. Lawmakers will also be asked to accelerate and make immediate the elimination of state income taxes on Social Security, which is currently being phased out.

The tax cuts, which amount to $720 million in income tax reductions alone, would place the state among the 15 lowest nationwide in taxing income, as calculated by the Tax Foundation’s business climate rankings. Business groups hailed Pillen’s proposals as bold, critics question if the cuts will work in addition to Pillen’s desire to invest an additional $2.5 billion in state aid to K-12 schools.

Counting on what he learned from predecessor Pete Ricketts, Pillen adamantly said no to new spending. He took aim at the state’s hospitals, which are struggling with workforce shortages and increasing costs. He said they need to “tighten their belts” and that spending more money for health care isn’t “solving anything.”

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Rookie mistake Number Two. Will somebody please read the headlines to this man about staff shortages and employee burnout, mostly fueled by the pandemic, which is threatening to close rural hospitals while nursing homes have already closed in many areas?

Sorry governor, we’re not all millionaires and some of us do get sick. Those same people also vote, so you might want to rethink which audience your “historic” promises are playing to.

So, are you going to lead the 32 party loyalists in what used to be a nonpartisan Legislature and run roughshod over those who disagree with you? Or are you willing to sit down and listen to the diversity of thought and do something that’s right for all Nebraska?

You only have once chance to make a good first impression. So far, I’m not impressed.

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