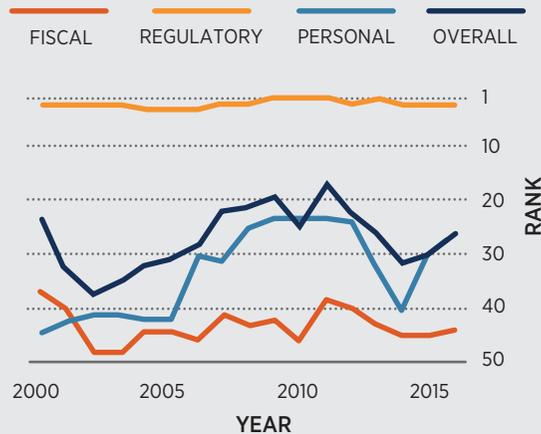


NEBRASKA

2016 RANK
26th



POLICY RECOMMENDATIONS

- **Fiscal:** Cut spending on education, which is far higher than average, especially spending on salaries. Trim utilities sales and income taxes.
- **Regulatory:** Repeal the certificate-of-need requirement for hospital construction. In 2016 this move would have raised Nebraska to first place in regulatory freedom and to 28th (from 30th) on economic freedom.
- **Personal:** Preempt local regulation of firearms sales, possession, and carrying. Even South Dakota-like gun laws, hardly outside the regional mainstream, would have raised Nebraska six places on personal freedom and two places on overall freedom in 2016.



Population, 2017
1,920,076

Net Migration Rate
-3.0%



State Taxes, Percent of Personal Income, FY 2017
5.14%

Local Taxes, Percent of Personal Income, FY 2015
5.10%

Partisan Lean, 2016
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Real Per Capita Personal Income, 2016, in 2009 \$
\$50,043

Real Personal Income Growth, CAGR, 2000-15
3.0%

ANALYSIS

Like other Great Plains states, Nebraska has usually had very good regulatory policy. It benefited from the commodity boom, federal farm subsidies, and its own policy regime during the 2000s and early 2010s, posting one of the highest growth rates in the country. However, it has lagged Colorado, Wyoming, and Iowa since 2011.

Nebraska is relatively fiscally decentralized but relatively high-taxed, with somewhat lower-than-average state tax revenues (about 5.1 percent of adjusted personal income, a drop from 6 percent in FY 2006) and higher-than-average local tax revenues (5.1 percent of income). Nebraskans do not have much choice of local governments, limiting the benefits of this approach—the state has only 0.44 effective competing jurisdictions per 100 square miles. Debt, assets, and public employment are about average, while government GDP share is higher than average.

Nebraska does very well on the most important regulatory policy category, land-use and environmental freedom. However, it has not done much to check eminent domain for private gain. On labor policy it is above average because of a right-to-work law and flexible workers' compensation funding rules, but it enacted a high minimum wage in 2014. Health insurance freedom is extensive, with few mandated benefits outside the ACA essential benefits and with a light touch on

managed care. Nebraska does a little better than average in keeping occupational licensing in check, and in 2015 nurse practitioners gained full practice authority. The state has long had one of the best civil liability systems in the country. The state has a certificate-of-need law for hospital construction.

Nebraska is only middling on criminal justice policy. Incarceration rates have generally been low, but they have increased over time. Drug and victimless crime arrests, by contrast, have been high, but they have come down over time (though drug arrests are spiking now). The legislature finally enacted a comprehensive asset forfeiture reform in 2016, one of the best models in the country. Educational, gambling, travel, firearms, and cannabis freedoms are all below average. However, Nebraska is solidly above average on alcohol policy and a bit above average on tobacco freedom. Like other states with the ballot initiative, the nonsmoking majority of Nebraska has foisted on private business owners fully comprehensive smoking bans, but tobacco taxes are below average. Most of Nebraska's lower scores on firearms policies come from special provisions for Omaha or general lack of preemption. Homeschoolers are not tightly regulated apart from detailed annual reporting requirements, but nonsectarian private schools are subject to mandatory approval and teacher licensing. There are no private school choice programs. Since 2008, the state has had a constitutionally entrenched ban on governmental racial discrimination.