

Nebraska makes use of local option taxes in transportation finance primarily for small projects. Typically, these are projects that are completed quickly, meet the minimum standards set by state or federal guidelines. Local option taxes seem to be a way for Nebraska to build projects more quickly and less expensively than if they were funded by state or federal monies, by avoiding costs associated with higher standards and consultant fees.

1. Fuel and Vehicle Taxes

Motor vehicle taxes are an important revenue local revenue source. Counties charge motor vehicle taxes (based upon vehicle age and value), and use the revenue to fund schools and other general purposes. They also charge motor vehicle fees (flat rates based on vehicle age, weight, and value), and use the revenue for road, bridge, and street purposes.¹ Since these taxes are imposed by the state and don't vary from county to county, they don't meet the definition of a local tax used in this study.

Cities and villages may adopt motor vehicle fees known as "wheel taxes" to fund street and road maintenance.² These are flat-rate fees that rise with vehicle weight. Just four cities (Arlington, Hastings, Lincoln, and Omaha) adopted this tax.³ Statewide revenues are about \$10.8 million annually (about \$6.50 per capita statewide).

2. Property Taxes and Assessments

Counties and municipalities have the authority to levy property taxes to generate revenue for public infrastructure projects, as do various kinds of improvement districts.⁴

Currently levying property taxes are one parking district, one railroad safety district, eight road improvement districts, and one transit district. Of these, the most significant are the Lancaster County Railroad Transportation Safety District, which raised \$2.8 million (nearly \$12 per capita) in fiscal year 2000 to improve at-grade crossings; and the Omaha Transit Authority, which raised over 5.9 million (\$16 per capita) for transit operations and capital costs. Nebraska also has 295 active sanitary and improvement districts, which may also fund streets and highways (among other types of projects). These collectively raise \$30.6 million through property taxes;⁵ Approximately 44% of these revenues were spent on road related expenses in 1999.⁶

3. Sales and Other Taxes

Municipalities may levy local option sales taxes of between 0.5% to 1.5% for general revenues, or to finance particular projects or economic development efforts.⁷ These taxes have been adopted by 96 cities.⁸ Some of these taxes may be earmarked for transportation projects, but we were not able to determine how prevalent this practice is. We did find some examples, however. In 1999, voters in the city of Fremont approved a 5-year, 0.5% sales tax, from which half of the revenues will be dedicated to widening and improving streets.⁹

¹ Revised Statutes of Nebraska §§ 60-3002 and 60-3007.

² Revised Statutes of Nebraska §§ 18-1214.

³ Letter from State of Nebraska Department of Roads (June 30, 2000).

⁴ Revised Statutes of Nebraska §§ 13-1311, 17-510, 31-340, and 39-1601.

⁵ State of Nebraska, Auditor of Public Accounts, "1999-2000 Budget Information Database" (June 2000).

⁶ Letter from Department of Roads, Division of Planning (November 9, 2000).

⁷ Revised Statutes of Nebraska § 77-27,142.

⁸ Nebraska Department of Revenue, "Local option sales and use tax rates, effective April 1, 2000."

⁹ Eiserer, "Voters OK Sales-Tax Increase to Fund Development Plan," *Omaha World-Herald* (May 12, 1999).

NEBRASKA

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Sales	R.S.N. 77-27,142	Municipal sales tax	Municipalities	1969	.5%-1.5%	-	General revenues, specified projects, or economic development	C
Vehicle	R.S.N. 14-109; 18-1214	Wheel tax	Cities and villages	1963	Weight-based registration fee	-	Streets and roads	B
Property	R.S.N. 13-1311		Cities and counties	1971	1.70%	-	Infrastructure Projects	B
	R.S.N. 23-397		Counties	1982	Any	-	Bridges	B or C
	R.S.N. 14-1821		Metropolitan Transit Authority (cities with pop>300,000)	1957	0.10%	-	Public transit	E*
	R.S.N. 17-510		Street Improvement District	1879		-	Streets	C (60%)
	R.S.N. 31-340		Sanitary & Improvement District	1949		-	Roads, streets, highways, sidewalks	
	R.S.N. 39-1601		Road Improvement District	1957	0.035%	-	Roads	C (55%)

*Subject to annual approval by city councils

A = State Law
 B = County/Local Law
 C = Popular Vote
 D = Majority of City Councils
 E = Vote of agency or district

NEBRASKA

Adopted County, District, and Local Transportation Taxes

Jurisdictions	1999 Population	Property Taxes FY2000			Wheel Taxes for Streets FY1999	
		Revenues (\$1000s)	Purposes	Revs per capita	Revenues (\$1000s)	Revs per capita
Cities:						
Hastings	21,263				280.0	\$13.17
Omaha	386,742				8,211.0	\$21.23
Lincoln	215,928				2,333.0	\$10.80
Special Districts:						
Off-Street Parking District #1 (BUFFALO)		25.0	Parking			
Lancaster Co. RR Transportation Safety Dist	237,657	2,814.7	RR Safety	\$11.84		
Greeley County Road District #3		14.0	Roads			
Keith County Road District #1		0.2	Roads			
Scotts Bluff County Road District #2		0.4	Roads			
Scotts Bluff County Road District #6		1.7	Roads			
Sheridan County Road District #31		5.7	Roads			
Sheridan County Road District #33		10.3	Roads			
Sheridan County Road District #36		4.5	Roads			
Sheridan County Road District #43		5.5	Roads			
Omaha Transit Authority	371,291	5,904.5	Transit	\$15.90		
State Total:	1,666,028	8,786.6		\$5.27	10,824.0	\$6.50