



REVENUE SHARING

Part 2: The Spending Pattern in Nebraska Municipalities

To listen to the proponents of revenue sharing talk, one would have thought that the municipalities of the nation were headed for financial ruin very soon—at least, until revenue sharing came to the rescue. That may be true for some cities in some parts of the nation, but a study of the early spending in Nebraska uncovered something quite different. Probably the most striking fact about the first revenue sharing receipts in Nebraska, in fact, is that they were *not* spent immediately. And what money was spent went heavily into capital investments, with only very small amounts put into operating and maintenance costs.

The primary source of information for this study was the Actual Use Report filed by each recipient government with the U.S. Treasury Department's Office of Revenue Sharing on September 1, 1973. The report covered actual expenditures for the period from January 1, 1972, to June 30, 1973, the period covered by the first three revenue sharing payments (called "entitlements").

Because no reports are filed with the state government and the Federal government does not release these reports, copies had to be obtained from newspaper clippings and through direct correspondence with communities. A total of 259 reports was acquired: 26 from first class cities, 63 from second class cities, and 170 from villages. Overall, the response rate was 52%.

Several problems were uncovered in the course of the study. First, the form itself created problems. The report was intended to cover the first eighteen months of the program, but a printing error on the form referred to a six-months period. Recipients were later informed of this error, but some communities may have submitted incomplete reports as a result.

Second, the form generated a great deal of misunderstanding. Funds which were obligated but not spent were to have been reported as expended, but many recipients misunderstood this and did not report them as such. The report also called for a percentage breakdown as to the type of expenditure (such as equipment, construction, land acquisition, and similar categories), but this was left blank on many reports. There was some confusion over how to categorize certain expenditures. Street building costs, for example, were often classified as "other" when they should have been placed in the transportation category.

Thus some uniformity and accuracy in the data are lost, and the reliability of these reports is open to question. Nonetheless, it is possible to discern some general trends in the use of revenue sharing in the state.

The most obvious fact which appears from a study of the Actual Use Reports is that only a small fraction of the revenue

sharing money received to June 30, 1973, had been spent. Eighty-one percent of the funds in the sample had not been expended or allocated. Fifteen percent went to capital expenditures and only four percent to operating and maintenance costs. In each size category of municipality capital expenditures predominated, although the purpose varied, as Table 1 demonstrates.

City Size	Type of Expenditure	Purpose
5,000-100,000	Capital expenditure	Environmental conservation
800-4,999	Capital expenditure	Recreation/culture
Under 800	Capital expenditure	Other*

*Of those villages which responded in this category, the largest single expenditure was for water systems.

A more complete breakdown of the expenditures is found in Table 2 (page 2). There is a substantial difference between the largest and the smallest towns in the way in which money is allocated between capital and operating expenditures. Nearly three times as much (proportionately) went into operating expenses in villages as compared to first class cities. Libraries and financial administration expenditures are found in both the middle-sized towns and the smallest ones, but not in the largest.¹ None of the towns spent any money on social services for the poor and aged, and only a negligible amount was spent on social development, but this should not be surprising. These are programs generally supported by state and county governments in Nebraska, not by municipalities.

It is also not surprising that no money has gone into capital expenditures for education. On the whole, Nebraska school districts have greater taxing ability and larger taxing districts than do municipalities; thus there is no compelling reason why municipalities should give financial assistance to the schools.

Most of the money, both capital and operating, has gone into the traditional "hard" programs and services of local government: public safety, sewer systems, streets, water systems, and parks and recreation. Some of the newer concerns of local governments, more socially oriented, are slighted or ignored altogether: social services, economic development, housing, community development. This, again, is not inconsistent with the general pattern of Nebraska municipal spending in the past. (See Table 3, page 2.)

(Continued on page 2)

¹The extremely high amount for operating expenses in libraries in second class cities is due to one town's spending more than \$30,000 in this category.

Table 2
Revenue Sharing Expenditures by Nebraska Municipalities
January 1, 1972, to June 30, 1973

Expenditures	City Size							
	5,000-100,000		800-4,999		Under 800		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	No. of cities: (26)		(63)		(170)		(259)	
<i>Operating and Maintenance</i>	\$ 45,344	12	\$119,859	22	\$ 96,225	35	\$ 261,428	22
Public safety	6,413	2	39,730	7	25,450	9	71,593	6
Environmental protection	2,864	*	17,087	3	25,547	9	45,498	4
Public transportation	16,953	5	7,416	1	11,176	4	35,545	3
Health	11,780	3	7,500	1	16,265	6	35,545	3
Recreation	7,334	2	9,400	2	9,595	4	26,329	2
Libraries	—	—	34,548	7	2,817	1	37,365	3
Social services for poor/aged	—	—	—	—	—	—	—	—
Financial administration	—	—	4,178	1	5,375	2	9,553	1
<i>Capital Expenditures</i>	\$330,397	88	\$416,629	78	\$180,375	65	\$ 927,401	78
Multipurpose/general government	41,406	11	42,397	8	14,088	5	97,891	8
Education	—	—	—	—	—	—	—	—
Health	—	—	36,703	7	500	*	37,203	3
Transportation	29,719	8	108,001	20	42,237	15	179,957	15
Social development	—	—	—	—	149	*	149	*
Housing/community development	—	—	27,326	5	6,476	2	33,802	3
Economic development	4,396	1	9,133	2	—	—	13,529	1
Environmental conservation	74,221	20	25,473	5	4,109	1	103,803	9
Public safety	44,604	12	28,564	5	24,097	9	97,265	8
Recreation/culture	63,881	17	72,163	13	9,813	4	145,857	12
Other	72,170	19	66,869	13	78,906	29	217,945	19
Total:	\$375,741	100	\$536,488	100	\$276,600	100	\$1,188,829	100

* Less than 1 percent.

Table 3
Comparison of Nebraska Municipal Expenditures,
General Government and Revenue Sharing; Selected Items

Category	Percent of expenditures by general government funds*	Percent of expenditures by revenue sharing funds**
No. of cities: 259		
Public safety	23	27
Environmental protection	21	17
Transportation	30	14
Health	11	14
Recreation	8	10
Libraries	4	14
Social services for poor and aged	1	—
Financial administration	2	4
Total	100	100

* 1966-67 figures, taken from the *Census of Governments* (Washington, D.C.: U.S. Government Printing Office, 1968), p. 28.

** Covering period from January 1, 1972-June 30, 1973.

The greatest proportionate differences come in the areas of social services and financial administration, but both categories are so small that the resulting impact is negligible. The major variations appear to be that transportation expenditures have only about half the relative importance and library expenditures three and a half times the relative importance in revenue sharing expenditures as in the general spending pattern. Both of these differences can be easily explained. Since the 1966-67 census was taken the State of Nebraska has increased its financial aid to local street building and maintenance costs, and the high percentage for libraries is due primarily to an extraordinarily large expenditure

by one town.

As a result, it is difficult to conclude that any major shifts in municipal spending have taken place as a result of revenue sharing. The traditional mixture of expenditures has not been altered to any noticeable degree.

How does this pattern of spending revenue sharing funds compare with the rest of the nation? The Office of Revenue Sharing in Washington has compiled summary figures from the first Planned Use Reports filed on June 30, 1973, which cover the Third Entitlement Period (January 1, 1973-June 30, 1973). This same period is included in the Actual Use Reports used in the above analysis.

The Planned Use Reports are considered to be even less reliable than the Actual Use Reports, since a recipient is not obligated to follow the plan, nor does it have to file amendments to it. Nonetheless, the ORS report can show us some general trends around the United States.

It appears that, overall, municipalities are putting more money into operating expenditures than into capital expenditures. (See Table 4, page 3.) This, however, is not true in all sizes of cities. Only in communities above 25,000 do we find a movement away from capital expenditures, although public safety is the priority category in all sizes. Since all but three of Nebraska's municipalities are less than 25,000 in size, one can see that the tendency to invest in capital expenditures is not unique to Nebraska. Only the object of the expenditure is different. (See Tables 5 and 6, page 3.)

How does Nebraska compare with its neighbors? Table 7 (page 3) indicates that Nebraska's local governments planned to spend more of their money on capital expenditures than any of the

	Amount (in millions)	Percent
Operating and maintenance expenditures	\$ 582.29	57
Capital expenditures	444.99	43
Total	\$1,027.28	100

Source: Office of Revenue Sharing, *General Revenue Sharing—The First Planned Use Reports* (Washington, D.C.: U.S. Government Printing Office, 1973), p. 9.

Category	Operating/ Maintenance	Percent of total	Capital	Percent of total
Public safety	\$377.05	65	86.71	19
Environmental protection/ conservation	76.66	13	71.94	16
Transportation	46.94	8	105.42	24
Health	20.22	3	25.46	6
Recreation/culture	22.76	4	56.47	13
Libraries	8.58	2	—	—
Social services/development	17.71	3	2.71	*
Financial administration	12.37	2	—	—
Multipurpose, general government	—	—	65.35	15
Education	—	—	6.83	2
Housing/community development	—	—	19.00	4
Economic development	—	—	5.10	1
Total	\$582.29	100	\$444.99	100

*Less than 1 percent.
Source: Office of Revenue Sharing, *General Revenue Sharing—The First Planned Use Reports* (Washington, D.C.: U.S. Government Printing Office, 1973), p. 9.

Population Size	Expenditure
Over 500,000	Operating and maintenance/Public safety
250,000-499,999	Operating and maintenance/Public safety
100,000-249,999	Operating and maintenance/Public safety
25,000-99,999	Operating and maintenance/Public safety
10,000-24,999	Capital/Public safety
5,000-9,999	Capital/Public safety
2,500-4,999	Capital/Public safety
Under 2,500	Capital/Public safety

Source: Office of Revenue Sharing, *General Revenue Sharing—The First Planned Use Reports* (Washington, D.C.: U.S. Government Printing Office, 1973), p. 7.

surrounding states. Furthermore, as befits an agricultural state, transportation is the major concern, and this is not out of line with several of the neighboring states. Only one of the states, Missouri, planned to spend more on operating and maintenance costs than on capital expenditures, but the capital investment proportion for the other states is still markedly lower than in Nebraska, averaging 60 percent overall compared to Nebraska's 73 percent.

After having examined the general pattern of expenditures, it is time to search for explanations. The most obvious question is why so little revenue sharing money had been spent at the time

State	Total	O&M		Capital		Highest priority
		Amount of expenditure	Percent of total	Amount of expenditure	Percent of total	
Colorado	\$20.41	\$4.48	22	\$11.23	55	C/Tr (21%)
Iowa	27.83	8.53	31	19.01	68	C/Mp,g (18%)
Kansas	18.50	7.15	39	11.55	62	C/Tr (21%)
Missouri	36.31	18.39	51	17.14	47	O&M/Ps (16%)
Nebraska	14.39	3.65	25	10.52	73	C/Tr (18%)
So. Dakota	9.00	3.29	37	5.64	63	C/Tr (24%)
Wyoming	3.63	1.20	33	2.26	62	C/Mp,g (20%)

*Includes counties, townships, municipalities, and Indian tribes.
O&M—Operating and maintenance; C—Capital expenditures; Tr—Transportation; MP,g—Multipurpose, government; Ps—Public safety.
Note: Dollar amounts do not add to totals and percentages do not add to 100% in original source.
Source: Office of Revenue Sharing, *General Revenue Sharing—The First Planned Use Reports* (Washington, D.C.: U.S. Government Printing Office, 1973), pp. 11, 14.

Mill Levy	City Size			Total	
	5,000- 100,000	800- 4,999	Under 800		
	No. of cities:	(28)	(112)	(375)	(515)
None	—	—	7	5	
1-10.00	4	2	13	10	
10.01-15.00	7	13	13	12	
15.01-20.00	36	18	21	21	
20.01-25.00	32	33	18	22	
25.01-30.00	17	22	17	18	
30.01-35.00	—	6	6	6	
Over 35.00	4	6	5	6	
Total	100	100	100	100	

Source: *Statistical Information of Nebraska Municipal Subdivisions 1973* (Lincoln, Nebraska: First Mid America, Inc., 1973).

the reports were filed.

Several reasons come to mind. First, there is little evidence of a "fiscal crisis" in most Nebraska municipalities. In 1973, according to figures published by First Mid America, Inc., 30 percent of Nebraska's municipalities had no bonded debt. Nor is the property tax levy pushing the limit. Under Nebraska law, first and second class cities are allowed a maximum mill levy of 25, while villages are allowed 30 annually. This can be exceeded only by bonded indebtedness and pension expenditures. Table 8 indicates that there are many municipalities that are taxing far less than their legal limits.

There are other explanations, too, which help to account for the failure to spend revenue sharing funds quickly. Although the allocation periods involved in the first Actual Use Reports ran from January 1, 1972, to June 30, 1973, the first checks were

(Continued on page 6)

Review and Outlook

Business in Nebraska continues to look good, as compared with national figures. The February comparison with a year ago (Table 1) shows almost a 5 percent advantage for the state in the dollar volume of business, and a 3 percent advantage in physical volume. Most of this is due to the agricultural sector, although Nebraska was also better off in the manufacturing and distributive sectors. Construction is the only category which shows a drop from last year in dollar volume. It is the weak spot in both the state and national economies.

The United States as a whole dropped in physical volume from a year ago, both in the agricultural and nonagricultural sectors. Nebraska's relatively better showing in agricultural physical vol-

ume is due partly to the much smaller rise in agricultural prices that pertain to the state, and this in turn is due to the heavy weight that livestock prices bear here. As cattle raisers are well aware, livestock prices are lagging compared with feed and other farm-product prices.

From Table 2 it is evident that Nebraska has risen more than the United States since 1967. This is a recent development, since the state was behind the nation most of last year. Of all the figures in Table 2, only the physical volume of government employment is lower in the state than in the nation.

Retail sales, shown in Table 3, did not exhibit the extraordinary activity in February that was noted in January. For the state as a whole (Continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES				
1. CHANGE FROM PREVIOUS YEAR				
February, 1974	Current Month as Percent of Same Month Previous Year		1974 Year to Date as Percent of 1973 Year to Date	
	Nebraska	U.S.	Nebraska	U.S.
Indicator				
Dollar Volume	115.7	111.0	118.9	111.8
Agricultural	132.1	126.3	143.1	137.2
Nonagricultural	112.4	110.5	114.0	110.8
Construction	92.9	97.7	95.2	97.8
Manufacturing	125.1	119.2	124.5	120.4
Distributive	112.2	108.0	114.8	108.1
Government	105.2	108.0	105.9	108.0
Physical Volume	102.1	99.2	104.3	99.8
Agricultural	104.9	92.6	110.4	99.8
Nonagricultural	101.6	99.4	103.2	99.8
Construction	84.2	88.5	86.3	88.6
Manufacturing	105.5	101.9	104.8	102.5
Distributive	102.0	98.1	104.7	98.6
Government	101.5	103.4	101.6	103.2

2. CHANGE FROM 1967		
Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	191.4	176.4
Agricultural	222.4	212.5
Nonagricultural	185.3	175.1
Construction	186.1	170.2
Manufacturing	195.7	169.8
Distributive	181.7	176.5
Government	185.5	181.6
Physical Volume	124.8	121.4
Agricultural	113.3	105.7
Nonagricultural	127.0	121.9
Construction	116.3	106.4
Manufacturing	130.6	117.3
Distributive	128.4	124.7
Government	120.0	125.8

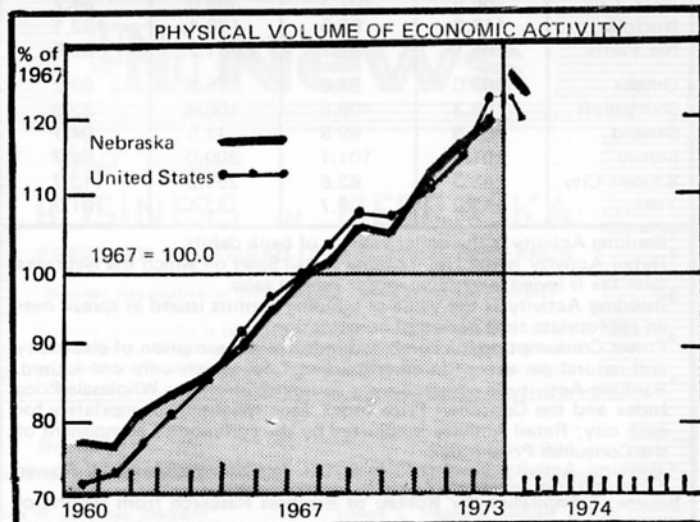
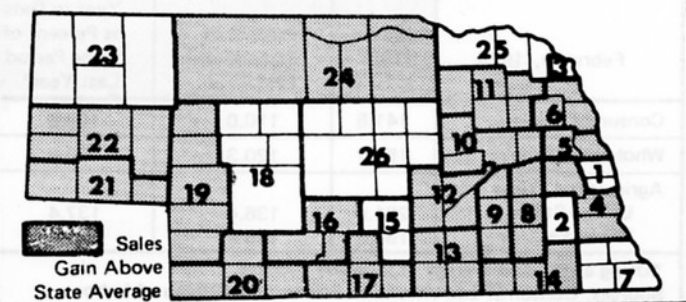
3. NET TAXABLE RETAIL SALES ¹ OF NEBRASKA REGIONS (Unadjusted for Price Changes)		
Region ² and Principal Retail Trade Center	February, 1974 as percent of February, 1973	1974 Year to Date as percent of 1973 Year to Date
<i>The State</i>	113.1	120.1
1 (Omaha)	107.3	117.0
2 (Lincoln)	108.1	115.1
3 (So. Sioux City) ..	98.6	105.7
4 (Nebraska City) ..	123.9	126.9
5 (Fremont)	120.6	123.2
6 (West Point)	123.9	126.7
7 (Falls City)	111.6	118.4
8 (Seward)	117.2	123.4
9 (York)	121.8	129.7
10 (Columbus)	111.3	122.3
11 (Norfolk)	109.6	121.1
12 (Grand Island) ..	115.2	123.5
13 (Hastings)	121.1	122.9
14 (Beatrice)	122.7	123.5
15 (Kearney)	114.2	119.5
16 (Lexington)	121.6	120.1
17 (Holdrege)	124.3	123.8
18 (North Platte) ..	104.7	116.6
19 (Ogallala)	131.7	139.6
20 (McCook)	139.0	142.1
21 (Sidney, Kimball) ..	126.3	133.9
22 (Scottsbluff)	127.3	124.4
23 (Alliance, Chadron)	116.7	118.2
24 (O'Neill)	124.4	121.5
25 (Hartington)	110.7	119.5
26 (Broken Bow)	112.3	117.1

¹Sales on which sales taxes are collected by retailers located in the state, including motor vehicle sales.

²"Planning and development" regions as established by the Nebraska Office of Planning and Programming and shown in the map below.

Source: Compilations by Bureau of Business Research from data provided by the Nebraska Tax Commissioner.

1974 YEAR TO DATE AS PERCENT OF 1973 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(Continued from page 4)

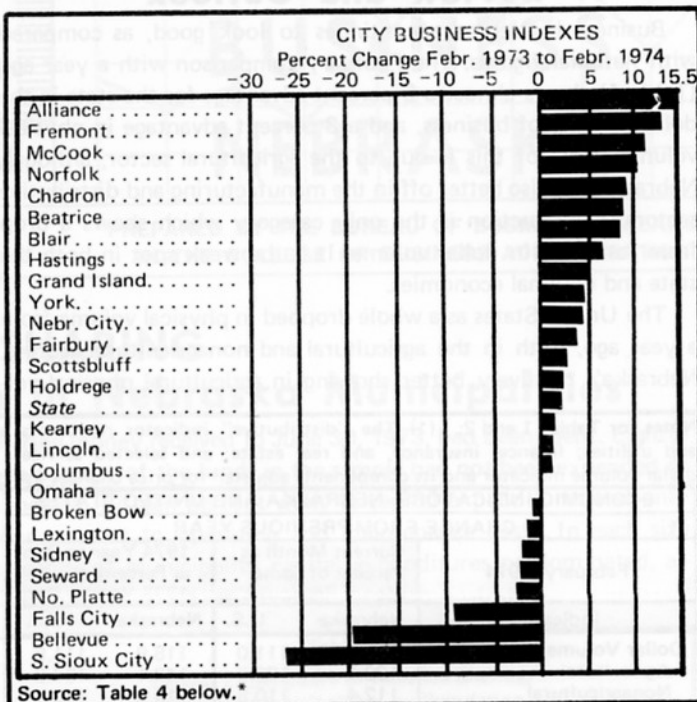
they advanced over a year ago just slightly more than the price level. Only in the South Sioux City area was the dollar volume less than last February. The southwestern corner of the state still shows very vigorous activity: the McCook, Ogallala, Sidney-Kimball, and Scottsbluff areas are still selling more than 25 percent above last year.

In Table 4 retail sales and banking activity are corrected for price inflation. Sales were 2.2 percent higher in physical volume for the state and bank debits 5 percent higher. Alliance, Fremont, and Beatrice show the highest rates of increase in bank debits, as do McCook, Alliance, and Blair in retail sales. Half the cities, including Omaha and Lincoln, show physical volume of retail activity lower than last year. South Sioux City provided figures for bank debits that were only 43.3 percent of last February on a price-adjusted basis, which is an extraordinary drop. The general business index for each city in the chart above Table 4, introduced last month, shows Alliance, Fremont, McCook, and Norfolk as the leaders, with gains exceeding 10 percent.

Motor vehicle sales, reported separately in the sales tax data but not shown separately here, were 16.6 percent above February of last year for the state. If the buyers' preference for smaller cars is evident in Nebraska, as elsewhere, a great many of the small cars apparently are being sold here.

According to a report furnished by the State Department of Roads, gasoline volume in gallons was 12.3 percent lower than last year in January in Nebraska, but 2.5 percent higher than last year in February. For the two months together the gallonage was 5 percent less. These are gross gallons imported into or manufactured in the state, and the figures do not show changes in inventory. Traffic in the state, however, is estimated to have been 4.5 percent lower in February than a year previous, both on rural roads and on total roads and streets. Some of the gasoline available in February must have gone into making up deficiencies in inventory rather than into retail sales.

It is impossible to say at the moment whether the Nebraska economy is sliding gradually into a recession or is already on the upward path. At any rate, the state so far has shown no signs of economic distress, except in the livestock (including the dairy) industry. Let us hope that the nation can soon recover its economic balance, because if the national decline proves serious the state cannot long continue on a high course. E. Z. P.



Source: Table 4 below.*

The State and Its Trading Centers	Percent of Same Month a Year Ago			
	Banking Activity ¹	Retail Activity ²	Building Activity ³	Power Consumption ⁴
	(Adjusted for Price Change) ⁵			
<i>The State</i>	105.0	102.2	87.5	98.4
Alliance	122.8	114.4	101.1	103.1
Beatrice	116.6	105.0	177.3	100.0
Bellevue	80.2	78.6	128.0	83.0*
Blair	109.3	112.6	75.3	96.1
Broken Bow . .	106.8	93.5	32.2	95.5
Chadron	107.9	108.8	231.0	111.4
Columbus . . .	111.0	93.9	81.1	96.4
Fairbury	99.4	108.0	66.4	103.6*
Falls City . . .	87.9	93.3	214.8	92.5
Fremont	117.7	104.4	131.9	121.3*
Grand Island .	112.5	100.8	122.5	98.5
Hastings	112.5	109.4	62.6	87.9
Holdrege . . .	114.3	94.5	40.2	94.1
Kearney	104.7	99.0	208.2	100.1
Lexington . . .	97.8	102.9	377.0	90.1
Lincoln	107.7	96.2	27.3	98.8
McCook	110.3	120.9	68.0	95.6
Nebr. City . . .	106.9	107.3	359.6	94.2
Norfolk	113.2	96.5	178.1	132.1
No. Platte . . .	105.1	92.1	341.2	92.5
Omaha	103.0	97.6	75.5	98.7
Scottsbluff . .	108.3	106.8	108.4	82.9
Seward	107.5	89.5	11.5	94.7
Sidney	101.6	101.1	200.0	84.7
S.Sioux City . .	43.3	82.6	255.2	113.7
York	112.0	98.7	132.4	101.7

¹ Banking Activity is the dollar volume of bank debits.
² Retail Activity is the Net Taxable Retail Sales on which the Nebraska sales tax is levied, *excluding motor vehicle sales*.
³ Building Activity is the value of building permits issued as spread over an appropriate time period of construction.
⁴ Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.
⁵ Banking Activity is adjusted by a combination of the Wholesale Price Index and the Consumer Price Index, each weighted appropriately for each city; Retail Activity is adjusted by the commodity component of the Consumer Price Index.
 * Banking Activity weighted .4; Retail Activity weighted .4; Power Consumption weighted .2.
 Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

February, 1974	Index* (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	141.5	110.0	109.6
Wholesale Prices	152.7	120.3	120.6
Agricultural Prices			
United States	201.0	136.4	137.4
Nebraska	196.3	125.9	129.6

*Using arithmetic average of monthly indexes.
 Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

(Continued from page 3)

not received until December, 1972. In reality, then, only six months of actual time are involved, not eighteen. And because the fiscal year for Nebraska municipalities runs from August 1 to July 31, there was very little opportunity for communities to budget these funds properly.

Another complicating factor was the uncertainty regarding the amount to be received. There is no way by which a government can accurately predict the amount of revenue sharing it is to receive, and the Federal government at that time did not provide any advance notice, other than aggregate figures. Furthermore, the Office of Revenue Sharing was slow in publishing its spending guidelines. As a result, many communities were reluctant to spend their funds quickly.

It is hard to say just why Nebraska is spending so much of its revenue sharing funds on capital expenditures. One reason may be that there are fewer strings attached to capital investments than to operating and maintenance expenditures, and for villages especially it is less worrisome to put the money into capital costs. The timing of the receipt of the money was no doubt another important factor. The funds were made available in the middle of a fiscal year, with the requirement that they be spent within twenty-four months of the date of the check. Capital expenditures are easier to program quickly than are operating costs. And, as mentioned above, only six months had actually elapsed between

the arrival of the first check and the date of the Actual Use Report. The annual municipal budgets were still being prepared for fiscal year 1974.

A final possibility to consider is that perhaps the temporary nature of the program deterred many communities from appropriating the money for operating expenditures, for fear that they might be forced to pick up the costs with general funds after 1975. The survey of Nebraska mayors conducted by this office found that 52 percent of them considered the program to be temporary. In a national survey, the Advisory Commission on Intergovernmental Relations in Washington concluded that "local governments are increasingly using revenue sharing funds for operating programs . . . but the uncertainty factor still causes the smaller localities to prefer non-recurring types of expenditures."²

To conclude, these first reports are probably too early and full of too many problems to give a really reliable report on spending. It does seem clear, however, that the funds have been spent along the usual lines of municipal expenditures for Nebraska. It is probably not too rash a prediction to say that one can expect future revenue sharing to be spent much along these same lines, with only small and sporadic movement into the area of social services, at least in the rural portions of the state.

MARILYN MERTENS

²Advisory Commission on Intergovernmental Relations, *Information Bulletin* No. 73-9 (November, 1973), p. 1.

NEW BUSINESS INCORPORATIONS

An increase in new business formations is taken as a sign of expansion and health in the economy. All new business incorporations are not necessarily entirely new businesses, but by this method of measurement Nebraska did well in 1973. The state's growth rate from 1972 in number of new charters ranked fifth among the fifty states of the nation and exceeded that of all adjacent states except Wyoming. In terms of absolute numbers, however, Nebraska had fewer new incorporations than any of its neighbors except Wyoming and the Dakotas.

In 1973, for the third successive year, the number of new incorporations in the nation soared to a new annual record. The rate of growth slowed toward the end of the year, however, and for the year as a whole was only 4 percent, as compared with an

increase of 10 percent in 1972. Nebraska's increase was 21 percent in 1973 and 23 percent in 1972. E. S. W.

	1972	1973	Percent Increase
NEBRASKA	1,990	2,408	21
Colorado	5,841	5,922	1
Iowa	3,183	3,364	6
Kansas	2,558	2,809	10
Missouri	5,852	6,277	7
North Dakota	525	599	14
South Dakota	553	614	11
Wyoming	681	832	22
United States	316,601	329,562	4

Source: Dun & Bradstreet, Y-15, No. 12, March 8, 1974. (Percentage calculations by Bureau of Business Research.)

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BUSINESS IN NEBRASKA

PREPARED BY BUREAU OF BUSINESS RESEARCH

Member, Association for University Business & Economic Research

Business in Nebraska is issued monthly as a public service and mailed free within the State upon request to 200 CBA, University of Nebraska - Lincoln 68508. Material herein may be reproduced with proper credit.

No. 356

May, 1974

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