

Business in Nebraska

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Elements of A Good Tax Policy

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Nebraska's tax structure has been the subject of much debate and change in recent years. Changes have been made in personal income taxes, the corporate income tax, school finance, taxation of personal property and tax credits for economic development. Nebraskans recently approved a state lottery and many other local gambling operations, in part because these operations are seen as alternatives to taxation by their proponents. The public debates over these and other issues of public budgeting raise important questions about the fundamental principles of taxation and public finance.

Tax Principles

Debate on principles of taxation and public finance is not new. In fact, basic principles of good taxation were described by Adam Smith as early as 1776 in his classic book, *The Wealth of Nations*. Smith's principles have been cited countless times because they still are relevant today. Smith's four principles include:

1. Equality

"The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state. The expense of government to the individuals of a great nation is like the expense of management to the joint tenants of a great estate, who are all obligated to contribute in proportion to their respective interests in the estate."

2. Certainty

"The tax which each individual is bound to pay ought to be certain and not arbitrary. The time of payment, the manner of payment, and the quantity to be paid ought all to be clear and plain to the contributor and to every other person."

3. Convenience of Payment

"Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it."

4. Economy of Collection

"Every tax ought to be so designed as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the state."

Two issues dominate any list of sound tax principles. The issues are equity and efficiency. Equity refers to the distribution of the tax burden. Efficiency refers to the distortions which taxes cause in economic decision-making. There is a continual tradeoff between equity and efficiency.

Equity

Equity has two dimensions—horizontal equity and vertical equity. Horizontal equity relates to the treatment of equals. The matter of horizontal equity can best be seen by illustrating assessment practices for property taxes. Suppose there are two households, X and Y, that own identical four bedroom homes with market values of \$100,000 each. Now suppose that

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they are assessed differently—household X's home with an assessed value of \$80,000 and household Y's \$100,000. With this difference in assessed value, the effective tax rates will differ by 20 percent regardless of the nominal rate of taxation applied by the local units of government (principally, the school district). This violates the principle of horizontal equity, and it is a problem of which all property owners are aware. In fact, it is the main reason property owners dislike the property tax so intensely. The solution is to provide support and access to the assessor in order to minimize such differences in assessed value. Good assessment is at the heart of a properly functioning property tax system.

The fundamental appeal of the concept of horizontal equity is in its accord with our concept of justice. The fundamental difficulty in implementing policies which provide horizontal equity, however, is in the problem of defining what it means to be equal. Do we define equality in terms of income, wealth, or other measures? Even if we agree that income is our measure, do we include interest and dividends? Such are the problems of implementation.

Vertical equity involves greater taxation for those with higher income or some other measure of ability to pay. Vertical equity can also be illustrated by the property tax. Consider the case of two families—one with annual income of \$60,000 and the other with annual income of \$30,000 per year. While wealthier families tend to consume more housing, it does not necessarily follow that the family with the \$60,000 in income consumes proportionately more housing than the family with \$30,000. The reason is that people with relatively high incomes choose to hold wealth in various forms, such as stocks, bonds, jewelry, and a private home. Thus, higher income individuals tend to spend disproportionately less on housing as compared to the proportion that lower income individuals spend on housing. In colonial days, real property holdings may have been an accurate reflection of wealth, but today they are not.

Tax policy designed to enhance one form of equity may worsen the other type of equity. For example, a homestead property tax exemption designed to improve the vertical equity of the property tax will worsen the horizontal equity of the tax since renters and homeowners are treated differently.

Efficiency

Efficiency involves minimizing the distortions which taxes cause in economic decision-making. Efficiency in taxation is of paramount importance since

taxes have powerful potential to distort the decisions of consumers and firms.

The notion of efficiency can best be explained with this hypothetical example. Suppose that an individual typically consumes three hot dogs at a price of \$1.00 each at a football game. If we introduce a tax of \$0.25 per hot dog, the individual now faces a price of \$1.25. Confronted with this situation, the individual reduces his consumption of hot dogs to zero per game. He simply decides that they are not worth the price and buys none. Is it appropriate to say that the individual is unaffected by the tax because he did not pay it? The answer is no. We know that if given the choice, the individual prefers to buy three hot dogs at a price of \$1.00 each. The tax caused a distortion in the individual's decision-making. This example represents an extreme case, but it illustrates an important point. Taxes interfere with economic decisions and therefore alter or distort the consumption and expenditure patterns of individuals and businesses. In an economic sense, the distortion is a welfare loss. In more typical cases, people buy somewhat less of the good being taxed; they do not stop buying it altogether. Our excise taxes on cigarettes and gasoline, our income taxes on individuals and corporations, our sales taxes on consumers, and all other taxes we levy disrupt economic decisions and distort efficient choice in the marketplace.

The most obvious way of avoiding the problem of economic distortion is to obtain all revenue from a head tax, with everyone paying the same amount. This would be perfectly efficient and would avoid all economic distortions, but it would clearly be unacceptable on equity grounds. If taxes are to be related to the ability to pay, they must be based on economic indices such as income, consumption, or wealth. Equitable taxation must therefore be based on economic activity and as such inevitably interferes with economic choices, thereby causing an excess burden.

The challenge to tax policy makers is to find an appropriate balance of both criteria—equity and efficiency.

Economic distortion is sensitive to the rate of taxation. In fact, the excess burden of a tax rises with the square of the tax rate; as the tax rate is doubled the excess burden is quadrupled. With such a powerful relationship, it is important to keep tax bases as broad as possible in order to keep tax rates as low as possible so that interference in the private decisions of consumers and businesses is minimized. This was a fundamental concern in the U.S. Tax Reform Act of 1986 which broadened the personal income tax base by removing

many loopholes, and lowered tax rates dramatically with the highest marginal rate on highest incomes being reduced from 50 percent to 28 percent. One result of that reform was to reduce the excess burden of the federal income tax.

Modern economic theory on "optimal taxation" has been developed explicitly to provide guidance in generating a given level of revenue with a minimum of excess burden.

The excess burden of a tax is directly related to the price elasticity, which measures the consumer's response to a change in the price of the good. The more responsive consumers are to a change in the price, the more elastic is the demand for the good. As a result, taxes on goods with high price elasticity will create large excess burdens while taxes on goods with low elasticities will create small excess burdens. The reason, of course, is that when consumers are not very responsive to changes in the price due to the tax, they continue to demand nearly the same quantity of the good and the amount of distortion created by the tax is minimized.

The Evolution of State Tax Policy

In reality, state tax policies do not appear to be based on agreed upon principles of construction. More likely they have evolved from a continuous process of implementation and modification based on changing beliefs of those in power. Nebraska is no exception, although analysis has made a contribution to change which can be easily overlooked by those preoccupied with crisis. Nebraska tax policy shifted dramatically in the late 1960s, and the changes implemented then were preceded by at least two published reports by tax policy analysts applying tax principles to the Nebraska system.

The first of these was published in 1941 by E.B. Schmidt of the Department of Economics of the University of Nebraska. Schmidt's study reminds us that one of the responsibilities of tax policy developers is to avoid proposing simplistic tax and revenue solutions for complicated problems.

An analysis based on policy and economic principles done in 1962 at the request of the Nebraska Legislature probably had a significant impact on the thinking and subsequent actions of policy-makers and citizens. Dr. Harold McClelland and others analyzed Nebraska's tax structure and economy, made recommendations for changes and were quite specific in their consideration of tax principles. Major tax changes followed a citizen petition that abolished the state property tax in 1966, and the subsequent legislation in 1967

addressed many of the issues raised by McClelland. Among his recommendations were the substitution of a state income and/or a state sales tax for the general property tax then levied by the state, the implementation of reforms in administration of the property tax to reduce inequities, and the retention of a broad base for the local property tax. McClelland warned that satisfying concerns about property tax burdens by granting exemptions or the use of special valuation provisions might aggravate rather than resolve these concerns.

Since the McClelland study, only one major effort to analyze Nebraska's state and local tax system based on economic principles has been undertaken. In 1987, the Maxwell School of Public Policy of Syracuse University contracted with the Nebraska Legislature to examine the state and local fiscal structure of Nebraska. The Syracuse study focused on tax and expenditure policy, and devoted considerable effort to examining the relationship between state and local finances in Nebraska. The authors concluded that the changes developed between 1967 and 1987 had resulted in a system of state and local taxes which for the most part conformed to widely accepted principles of good tax practice.

Conclusion

The continued application of tax principles and a healthy debate on these principles is critical to building a good tax system. This debate must of necessity consider competing points of view and opportunities for consensus and compromise. The responsibility for consideration of these economic principles lies with the executive and legislative branches, but particularly with the legislative branch of government. One respected tax analyst has noted that while the courts may increasingly rely on the analytic insights brought by economic analysis, they may find that the complexity and uncertainty that accompany them preclude reliance on those principles as a solution to legal problems. The legislative branch of government with the analytical help of the executive branch must produce the analysis based on principles and the tradeoffs necessary to resolve conflicts between these principles.

It is easy to overlook a sound and thorough analysis of alternatives in the midst of a crisis atmosphere. Thus, it is beneficial to remind ourselves that problems of resolving fairness and equity in taxation have been discussed by every generation of Nebraskans. Progress in resolving these questions has been made, and will continue, as long as citizens and policy-makers continue an informed and intelligent dialogue. □

Taxes have powerful potential to distort the decisions of consumers and firms.

Projections from the Nebraska Economic Quarterly Forecasting Model

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Although Nebraska avoided the recent recession, the state's near-term future job and income prospects call for slow growth. Nebraska's economy will grow more slowly than the U.S. economy for two major reasons:

1. When cyclical industries such as autos and steel enter a high growth phase, Nebraska benefits less than the rest of the nation because our state is underrepresented in these cyclical industries. Just as Nebraska's 1990/1991 experience was tempered by a lack of decay due to cyclical industries, we will also miss any sectoral strength from cyclical industries in an otherwise weak national recovery phase.

2. Nebraska's lack of population growth implies both lower demand for goods and services within the state and implies slower growth of the labor supply. Despite this lack, there still may be untapped resources of labor, especially for high-skilled jobs.

National Outlook

The Nebraska Economic Quarterly Forecasting Model (NEQFM) relates the behavior of Nebraska industries to U.S. industries. The NEQFM serves as a tool to translate U.S. forecasts into Nebraska forecasts uniquely modifying these national results to reflect Nebraska conditions. Thus, a starting point for understanding Nebraska's future is an examination of the nation's future.

The election of the new president means little for next year. First, it will take some time to put a new program in place and once that program is in place, it will take time for it to have an effect.

Second, there is little room for net expansion because of the deficit. Expansion in one area may require contraction in another. We may be seeing a butter-for-guns swap forthcoming as defense cuts are traded for program expansions. The time soon will arrive when campaign promises meet the harsh reality of budget deficits. Although improving the nation's infrastructure and medical care may be top priority items, the approach necessarily will be restrained.

The longer-term developments will depend on the emphasis we place on deficit reduction versus program expansion.

We find that gains in real GDP, the broadest measure of the economy, will be less than 2.0 percent this year and near 3.0 percent in both 1993 and 1994. These rates of improvement are small when compared to historical standards for recovery periods.

Prices will remain moderate as there is little demand pressure on prices. The Consumer Price Index, currently in the 3.0 percent area, may drift toward 4.0 percent by the end of the forecast period.

The nadir of the interest rate cycle may be at hand. Long-term interest rates will reflect rises in prices. Short-term rates will increase as demand for loans returns.

State and local governments are likely to slow their pace of expansion as concern over the federal government deficit spills into a concern for local and state spending.

The picture emerging at the national level is weighted with uncertainty. Balancing the federal deficit versus new programs that are envisioned will be a challenge. Expansion for U.S. production and expertise via demand from Eastern Europe may occur. The issue is whether there will be money to back these demands. Last, we need to face the issue of whether the extended employment problems we have witnessed in this meager recovery have been a mirror of a new, long-run trend towards downsizing American business. If so, identifying sources of future employment growth will be difficult.

Nebraska Projections

Employment

The near future for Nebraska is somewhat like the recent past with some exceptions. A summary of the projections is presented in the accompanying tables. Table 1 presents the forecasts of key variables while Table 2 presents growth rates. The forecast for total employment shows sluggish growth at about 0.5 percent and 0.6 percent in 1992 and 1993 (Figure 1).

State and local government employment has been a strength in recent years. Although 1992 growth will remain strong, current tax difficulties imply reductions in future growth rates, especially in state government.

Federal employment in the state will be stable at best. Reductions in what used to be the Strategic Air Command in Bellevue imply a reduction of both military personnel and civilian employees. Omaha is also losing some Corps of Engineers employees. These losses may be partially offset by gains from an Immigration and Naturalization Service relocation to Lincoln. Further, there is a possibility that the Omaha area may gain a federal accounting center.

The service industry proper has shown slower growth rates in 1991 and 1992. Our forecast, however, calls for improvements in 1993 and 1994 with rates of gain at about two percent per year. Future growth rates will be relatively modest compared to historical standards. Some telemarketing firms have expressed concern over the availability of new employees.

In contrast to the nation, construction in the state has been a source of strength in recent years. The construction growth rate has slowed moderately and stands at about 1.8 percent. It is expected to slow even further in the next few years.

Manufacturing durables will decrease in 1992 but will grow in the next two years. Future growth in nondurable manufacturing will not be as large as in the last two years. Instead, we expect a growth rate near 0.9 percent this year and a further slowing in the future.

The finance, insurance, and real estate industry will expand modestly in the next two years. The transportation and public utilities will see no growth in 1992 but will return to growth in 1993 and 1994.

Trade employment, especially retail, will drop this year. Lapses in wholesale trade next year will offset gains in retail to some degree. 1994 may be a year of some positive gains in the trade sector. This forecast of the trade figures could be low if the Christmas season booms as so many retailers hope. The next two months will tell the story.

Wages and Salaries

In a sense, wages and salaries are a translation of employment—a count of jobs—into dollar terms. Growth in wages and salaries arises from two sources: 1) growth in jobs, and 2) growth in the average wage-per-job. The previous section outlined the forecast of job growth by sector. Growth in the average wage-per-job has two central components: 1) the growth of wage rates per hour and 2) the number of hours per job. In general, we expect some overall rise in the former due to inflation, local labor market demand, and productivity.

In general, wages-and-salaries growth over the

Table 1
Summary of Projections
Annual Totals
(in \$ millions)

	1989	1990	1991	1992	1993	1994
Total						
Employment*	707,901	730,024	736,171	739,533	744,238	750,804
Wages & Salaries	13,779	14,816	15,537	16,119	16,821	17,619
Earnings	18,531	20,026	20,704	21,409	22,324	23,428
Personal Income	25,213	27,216	28,219	29,182	30,389	31,876
Net Taxable						
Retail Sales	12,030	12,486	12,788	13,440	13,994	14,593

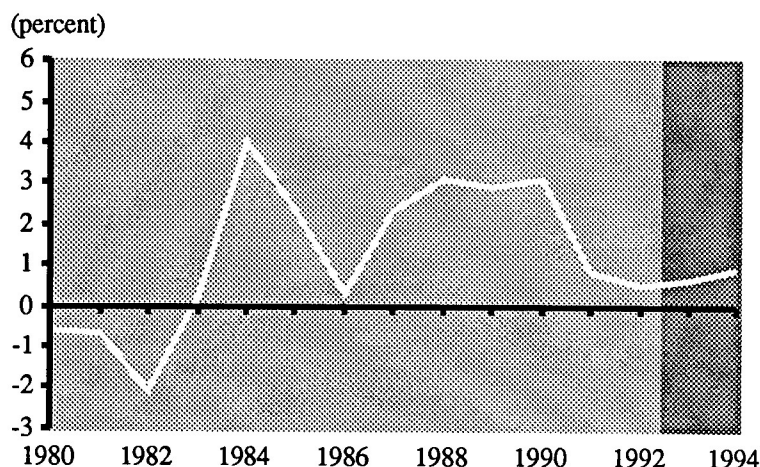
*Number of jobs—Annual Monthly Average

Table 2
Summary of Projections
Average Annual Growth Rates
(percent)

	1979-1989	1990	1991	1992	1993	1994
Total Employment	1.2	3.1	0.8	0.5	0.6	0.9
Wages & Salaries	5.9	7.5	4.9	3.8	4.4	4.7
Earnings	5.5	8.1	3.4	3.4	4.3	5.0
Personal Income	6.2	7.9	3.7	3.4	4.1	4.9
C.P.I.	5.5	5.4	4.2	3.0	3.2	3.6
Net Taxable						
Retail Sales	5.4 *	3.8	2.4	5.1	4.1	4.3

*Growth rate is for 1984 to 1989 period

Figure 1
Total Employment Percent Change



forecast horizon hovers near 4.0 percent at annual rates. Real growth in wages and salaries is 0.8, 1.2, and 1.1 percent for 1992 through 1994, respectively.

Industries with the biggest nominal percent increases in 1992 are services at 7.4 percent, FIRE at 6.7 percent, and nondurable manufacturing at 6.1 percent. Wage-and-salary growth for durable manufacturing will increase in

Figure 2
Total Personal Income and U.S. Consumer Price Index
Percent Change

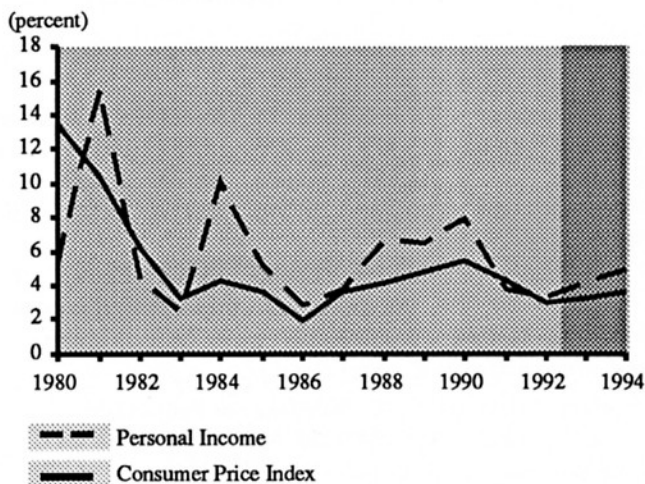
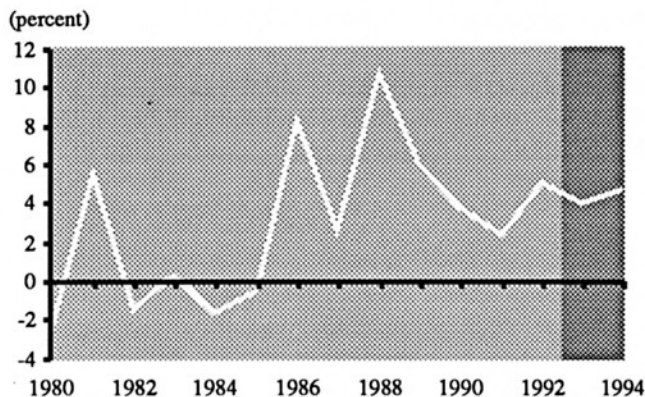


Figure 3
Net Taxable Retail Sales Percent Change



1994, growing at about 5.4 percent. At the bottom of the list are federal government and wholesale trade.

Personal Income

Modest inflation implies modest wage gains. Recent revisions in the personal income series show modest gains for Nebraska in recent years with much of the revision resulting in a decrease in the farm income figures (Figure 2). Although we have reason to believe that the U. S. Department of Commerce personal income data may be under-reporting Nebraska's recent economic performance, they are the most comprehensive data available on a somewhat timely basis. Nebraska's second quarter personal income was available by the end of October. In a way, we are stuck with these.

Total personal income growth mirrors the growth of wages and salaries: slow but consistent gains in real terms. Real total personal income will grow 0.4 percent in 1992, 0.9 percent and 1.3 percent in 1993 and 1994.

Just to prove that once in a while you get things right, social security income followed the predictions of our model made last year. Social security income grew 8.7 percent in 1991 and by 5.5 percent this year. The current year

figure consists of a half-year of actual data and a half of forecast data. We'll know if we're right about this year in the late spring of next year.

Farm proprietor's income is now expected to drop 8.0 percent in 1992 and will decrease moderately in 1993. This year's decline long has been expected. Both 1990 and 1991 were good years for Nebraska corn producers. This year's corn production was expected to set a new record; however, high moisture and low prices have worked to erode profit margins severely.

Farm income is always difficult to forecast. It is a net concept of receipts less expenditures plus government payments. Errors made in any one component of the net can have dramatic effects on the totals. Weather conditions always play a major role in agricultural production, while both domestic and international markets impact demand for Nebraska's farm output. Last, it is difficult to estimate farm income. Farm income is an annual concept—the result of a full year's efforts. Trying to create a quarterly breakdown of the annual figures is a challenge.

The future of nonfarm proprietor's income is the opposite of farm proprietor's income. Here we foresee nominal growth rates of 5.5 and 6.1 percent in 1993 and 1994, respectively.

What we see in the near future is a continuation of real growth in personal income at a moderate pace. The growth in real income tends to reflect the growth in jobs.

Net Taxable Retail Sales

Nebraska's Net Taxable Retail Sales have grown only modestly in real terms over the last few years. While the rest of the nation suffered decreases in economic performance over the recession of 1990/1991 and the subsequent anemic recovery that followed, Nebraska experienced gains in real terms over the period. The performance of Nebraska's retail sales (Figure 3) was somewhat disappointing, however, especially in light of continued employment and income gains.

To unravel the mystery of the state's relatively weak retail sales performance, we need only look at the most elementary breakdown of sales data into motor vehicle and non-motor vehicle categories. Over the last three years, non-motor vehicle sales continued to climb at a fairly steady pace. Only in recent months has the pattern begun to flatten. Motor vehicle sales fell 4.4 percent in 1991 in nominal terms and would show a more dramatic decrease if deflated for their price increases. Thus, motor vehicle sales have retarded the overall growth in the state's retail sales figures.

Why has there been such a disparity in the two sales series? Income and employment are common drivers to the two series. Non-motor sales responded well to both influences and showed a continuing climb. There is another influence on motor vehicle sales decisions, however. Consumer confidence tends to impact the purchase of big ticket consumer durables, especially when the changes in consumer confidence are large and sudden. Thus, national auto sales plunged when consumer confidence collapsed following Iran's invasion of Kuwait in 1990, and remained low in 1991 and 1992. Nebraskans were not immune to such an impact, and the sales of motor vehicles suffered accordingly. Here is one area where Nebraska showed some recession-related economic activity. Although Nebraska auto sales decreased somewhat in the early 1990s, they did not collapse as badly as did national auto sales.

What then of the future? Nebraska's motor vehicle sales should strengthen in the near term as consumer confidence is restored. Weakened sales in the recent past imply that the average age of vehicles has lengthened moderately. Thus, sales should receive a boost from replacement activity. Our model predicts motor vehicle retail sales will increase a robust 7.5 percent in 1993.

Non-motor vehicle sales will continue modest real growth as employment and real income continue moderate gains. In total, sales will increase at a pace just ahead of inflation. □

The authors are indebted to a consensus group who reviewed our forecasts. That group is: John Austin, Bruce Johnson, Charles Lamphear, UNL; Don Macke, Nebraska Rural Development Commission; Stu Miller, Nebraska Department of Economic Development; Tom Moloney, Nebraska Department of Labor; Dan Ransdell, Nebraska Department of Revenue; and Donis Petersan, Nebraska Public Power District.

Tables detailing our forecast for quarterly patterns and industry detail are available from the Bureau on request.

Table II
City Business Indicators
July 1992 Percent Change from Year Ago

The State and Its Trading Centers	Employment (1)	Building Activity (2)
NEBRASKA	1.7	35.4
Alliance	1.8	28.6
Beatrice	1.7	213.2
Bellevue	-1.6	2.6
Blair	-1.6	336.2
Broken Bow	-0.5	141.1
Chadron	3.2	385.9
Columbus	0.0	16.7
Fairbury	-5.9	118.3
Falls City	0.1	145.3
Fremont	1.2	42.9
Grand Island	5.8	11.2
Hastings	-4.5	-46.8
Holdrege	1.1	-11.5
Kearney	-1.8	3.2
Lexington	21.0	54.3
Lincoln	3.6	32.0
McCook	-8.4	49.1
Nebraska City	0.7	236.1
Norfolk	-1.1	-29.5
North Platte	6.5	254.2
Ogallala	-0.2	-17.7
Omaha	-1.6	27.4
Scottsbluff/Gering	-0.3	172.4
Seward	3.8	-42.5
Sidney	1.4	-21.6
South Sioux City	6.5	106.7
York	8.9	40.6

(1) As a proxy for city employment, total employment (labor force basis) for the county in which a city is located is used

(2) Building activity is the value of building permits issued as a spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Cost Index is used to adjust construction activity for price changes

Sources: Nebraska Department of Labor and reports from private and public agencies

Table I
Employment in Nebraska

	Revised August 1992	Preliminary September 1992	% Change vs. Year Ago
Place of Work			
Nonfarm	735,519	740,084	-0.1
Manufacturing	99,569	99,667	-0.2
Durables	47,230	47,192	-1.2
Nondurables	52,339	52,475	0.8
Mining	1,500	1,495	-3.2
Construction	29,969	29,793	1.4
TCU*	47,527	47,488	-0.3
Trade	183,683	182,604	-2.2
Wholesale	50,173	50,711	-1.5
Retail	132,510	132,093	-2.4
FIRE**	49,110	48,712	0.5
Services	181,506	182,026	1.0
Government	142,655	148,099	0.8
Place of Residence			
Civilian Labor Force	876,291	852,117	0.0
Unemployment Rate	3.3	2.9	

* Transportation, Communication, and Utilities

** Finance, Insurance, and Real Estate

Source: Nebraska Department of Labor

Table III
Price Indices

	October 1992	% Change vs. Year Ago	YTD % Change vs. Year Ago
Consumer Price Index - U*			
(1982-84 = 100)			
All Items	141.8	3.2	3.0
Commodities	130.3	2.4	1.9
Services	153.7	3.8	3.9

U* = All urban consumers

Source: U.S. Bureau of Labor Statistics, Nebraska Department of Agriculture

Table IV
Net Taxable Retail Sales of Nebraska Regions and Cities

Region Number and City (1)	City Sales (2)		Region Sales (2)		Year to Date % Change vs. Year Ago
	August 1992 (000s)	% Change vs. Year Ago	August 1992 (000s)	% Change vs. Year Ago	
NEBRASKA	1,004,927	3.3	1,131,819	1.4	4.3
1 Omaha	358,305	3.8	429,505	0.5	5.9
Bellevue	13,755	2.0	*	*	*
Blair	5,387	9.6	*	*	*
2 Lincoln	126,808	-7.9	145,764	-7.9	2.6
3 South Sioux City	6,777	0.6	9,101	3.8	9.8
4 Nebraska City	4,374	2.3	21,605	-1.6	1.1
6 Fremont	18,822	5.3	33,435	2.5	2.3
West Point	3,349	1.2	*	*	*
7 Falls City	2,072	-10.4	9,347	-5.4	-1.1
8 Seward	5,172	6.5	15,781	-0.1	3.3
9 York	7,561	-7.7	15,676	-6.4	-0.5
10 Columbus	17,324	4.3	28,882	-2.0	1.1
11 Norfolk	21,542	2.4	36,145	-3.0	1.0
Wayne	3,605	5.7	*	*	*
12 Grand Island	39,107	3.4	53,337	0.1	5.4
13 Hastings	18,575	3.9	27,512	-2.5	2.9
14 Beatrice	8,421	4.4	18,706	3.1	1.6
Fairbury	3,071	17.8	*	*	*
15 Kearney	24,642	2.1	33,018	-0.4	3.3
16 Lexington	7,310	15.6	18,233	0.4	2.5
17 Holdrege	4,888	-6.5	8,281	-6.4	-0.5
18 North Platte	18,938	-0.2	23,428	-2.3	2.3
19 Ogallala	6,422	-0.4	11,770	-5.4	-0.2
20 McCook	8,925	0.1	12,186	-1.9	-0.3
21 Sidney	6,029	20.0	10,349	4.1	8.7
Kimball	1,786	-19.7	*	*	*
22 Scottsbluff/Gering	20,803	-3.0	28,563	-2.5	0.5
23 Alliance	5,104	-2.3	15,492	2.3	-1.6
Chadron	3,494	4.6	*	*	*
24 O'Neill	3,655	-11.0	14,022	-7.7	-4.5
Valentine	3,245	0.9	*	*	*
25 Hartington	1,645	6.3	8,204	-4.3	-5.4
26 Broken Bow	3,420	-5.1	11,777	-1.4	-2.4

(1) See Figure II of previous *Business in Nebraska* issues for regional composition

(2) Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales

*Within an already designated region

Compiled from data provided by the Nebraska Department of Revenue

**Business
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