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REGIONAL CHANGES IN NET TAXABLE RETAIL SALES

Net Taxable Retail Sales for the state were \$3,198 million in 1969. This represented a 10 percent gain over the \$2,906 million of 1968 (See Table I). If, as estimated previously,¹ the 1967 total had been about \$2,750 million, and thus the change from 1967 to 1968 one of 6 percent, the more recent 10 percent gain was an increase in the rate of growth. These successive gains each represented a combination of forces. One of these forces has been the inflationary rise in prices that results in an increase in dollar spending even if the same amounts of goods are purchased. There has also been real growth, however. In part, the real growth has come about from an increase in population. In addition, greater productivity has generated increases in income in general that exceeded the general price level rise and thus has made possible a higher level of retail purchasing per person.

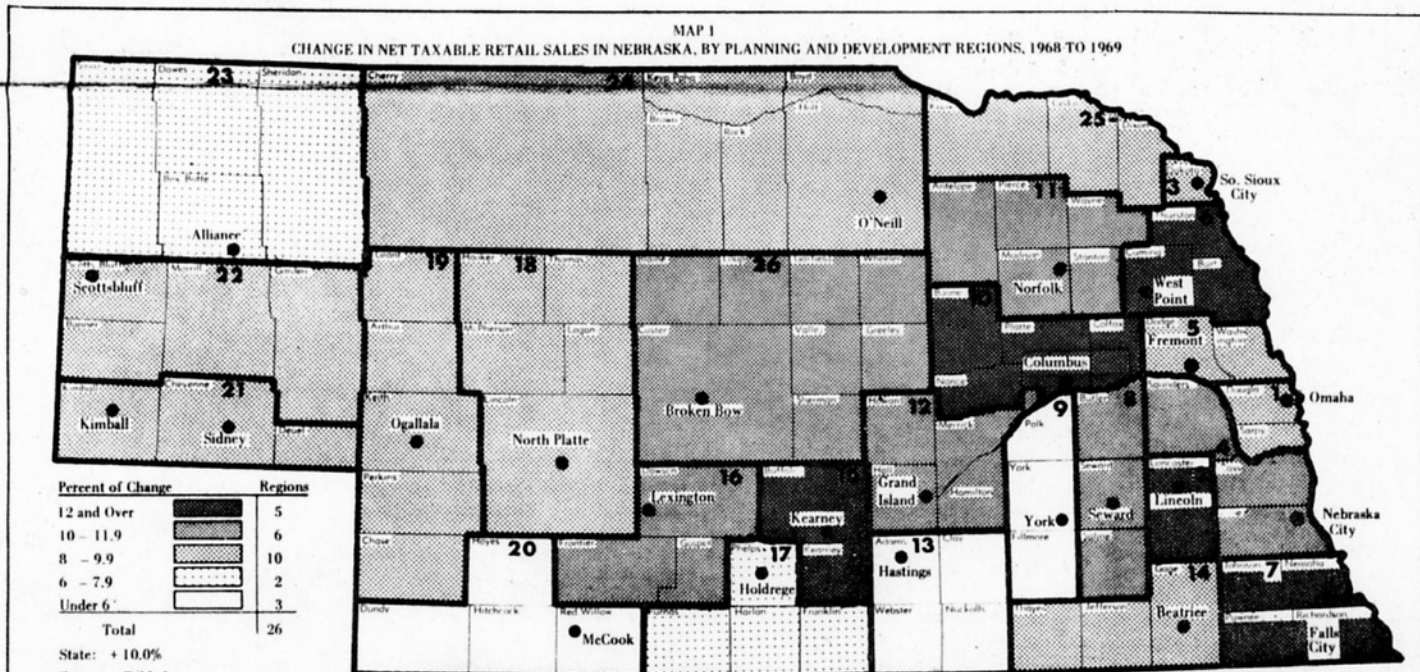
The lack of exact measures of the contributions of the various forces to the total increase in net taxable retail sales does not preclude demonstrating that a sizable portion of the 10 percent increase in dollar volume of sales was due to an increase in physical volume of sales. Some of the total increase in dollar volume would have been due in part to a 4.5 percent rise, from 1968 to 1969, in the general level of prices of consumer goods. The num-

¹See *Business in Nebraska*, September, 1969, page 2.

ber of purchasers also would have increased as population grew, yet certainly by less than 1 percent. More importantly, there would have been an increase in real retail buying power - both in total and per person, i.e., on the average - available for the purchase of goods. Total personal income was estimated to have increased about 12.5 percent in Nebraska from 1968 to 1969, with per capita personal income estimated to be up by 12.8 percent - both unadjusted for price level rise.² Thus, not only were more people buying goods at higher prices but also on the average there was more income per person available to buy more goods per person. Or, to paraphrase, the absolute level of goods consumed per person rose.

Over the state's twenty-six planning and development regions the year-to-year increases in the dollar volumes of sales ranged from a low of 0.9 percent in Region 13 (Adams, Clay, Nuckolls, Webster) to a high of 19.4 percent in Region 7 (Johnson, Nemaha, Pawnee, Richardson) (See Map 1 and Table I). Eighteen of the 26 regions had gains in excess of 9 percent; twenty-three had gains over 6 percent. Unlike the 1967-to-1968 situation, however, when Regions 20 (Dundy, Hayes, Hitchcock, Red Willow) and 25 (Cedar, Dixon,

²See U.S. Department of Commerce, *Survey of Current Business*, August, 1970, Tables 1 and 2, pp. 34-35.



*Communities shown had 25% or more of their region's 1969 net taxable retail sales; no such community was reported for Region 25.

Knox) showed decline and Region 7 (Johnson, Nemaha, Pawnee, Richardson) reported no change, the 1968-to-1969 situation was one of at least some gain by each region. Only three regions showed changes of less than 4.5 percent, the price level rise. Thus, even after adjusting the figures for price level change, there would remain some real increases in all except these three regions.

Of the 26 regions, 11 gained more than 10 percent, the state's overall gain. Especially noteworthy was the gain reported in Region 7 (Johnson, Nemaha, Pawnee, Richardson). The regional impact of the high level of employment at the Cooper power project appears to have contributed markedly to Region 7's 19.4 percent gain, which was the largest for any region in the state. Data available elsewhere indicate that 47 percent of the nearly 10 million dollar regional increase in net taxable retail sales was recorded in Richardson County. Nemaha County, with about a 3 million dollar increase, contributed another 29 percent of Region 7's increase. Other large regional gainers were Regions 2 (Lancaster), up 12.8 percent; 6 (Burt, Cuming, Thurston), up 12.2 percent; 10 (Boone, Colfax, Nance, Platte), up 13.4 percent; and 15 (Buffalo, Kearney), up 13.1 percent.

Map 1 reveals that the top five regional gainers in 1969 were dispersed for the most part throughout the eastern third of the state, yet very little spatial contiguity existed among these regions. Four of the five border other regions that, although having lower percentage gains in 1969, are known to be strong retailing regions.³ Each of the top five regional gainers probably had its own particular set of conditions that contributed to a growth that was at a rate above that of the state as a whole.

The regions experiencing the least gains in sales from 1968 to 1969 were Regions 9 (Fillmore, Polk, York), up 3.6 percent; 20 (Dundy, Hayes, Hitchcock, Red Willow), up 3.0 percent; and 13 (Adams, Clay, Nuckolls, Webster), up only 0.9 percent. Data avail-

³In the September, 1969, issue of Business in Nebraska it was shown that these regions' shares of the state's net taxable retail sales were notably higher than their shares of the state's population and/or effective buying power. Thus, their retail "drawing power" was positive and, in the above cases, markedly greater than that of other regions.

able elsewhere reveal that these regions had notably lower rates of increase in total sales for the last six months of 1969 compared with the total of the same period of 1968 than occurred for the same period in 1968 compared with that of 1967. In the article previously mentioned, a comparison of sales of the last six months of 1967 with that of the same period in 1968 had shown Region 9 to have been one of the two highest gainers, with Region 13 well up among the highest, being thirteenth. These situations reflect either a slowdown in the level of purchases by those trading in the region or shifts to other trading centers, or some of both. As expected, the percentage changes in the sales recorded for these regions' principal "growth centers," - the municipalities of York, up 6.7 percent; McCook, up 3.5 percent; and Hastings, down 1.4 percent - were among the five lowest increases in the state.⁴ The weak retail situations of these centers, therefore, both contributed to and resulted from the low gains of their respective regions.

Very little shifting occurred from 1968 to 1969 in the regional sales rankings, despite variations in the rate of growth among the regions. From Table I, it can also be seen that there is little agreement between rank in volume of sales and rank in percentage change in sales. Thus, for example, Region 1 (Douglas, Sarpy) ranked Number 1 in level of sales in 1969 yet fell to sixteenth in percentage increase from 1968 to 1969. In 1969, Region 7 (Johnson, Nemaha, Pawnee, Richardson) was eighteenth in level of sales yet ranked Number 1 in percentage change from 1968 to 1969.

One indicator of a region's retail strength relative to that of other regions is a comparison of the amounts of sales per person in the regions. All sales need not, of course, be made to persons who reside in a region. Thus, if, say, Region A had \$3,000 sales per person whereas Region B had \$2,000, it can be seen that Region A's "extra" \$1,000 of sales per person must have come either from an inflow of purchasers from another region - perhaps even Region B - or been generated by a much greater level of spending

⁴An article in a subsequent issue of Business in Nebraska will present and analyze data for a selected group of municipalities, especially those deemed to be "growth centers" of their regions.

TABLE I
REGIONAL CHANGE IN NET TAXABLE RETAIL SALES IN NEBRASKA
BY PLANNING AND DEVELOPMENT REGIONS, 1968 AND 1969

Region ²	Net Taxable Retail Sales ¹				Change from 1968 to 1969		Region ²	Net Taxable Retail Sales ¹				Change from 1968 to 1969	
	\$000,000's		Rank ³		%	Rank ³		\$000,000's		Rank ³		%	Rank ³
	1968	1969	1968	1969				1968	1969	1968	1969		
1	\$1,014	\$1,113	1	1	+ 9.8	16	16	\$ 48	\$ 54	18	19	+11.4	8
2	339	382	2	2	+12.8	4	17	47	51	19	20	+ 7.0	22
3	24	26	26	26	+ 9.8	15	18	67	74	12	12	+ 9.8	14
4	77	85	10	9	+11.1	9	19	37	40	25	25	+ 9.6	17
5	94	104	6	6	+ 9.9	12	20	41	42	21	22	+ 3.0	25
6	39	44	22	21	+12.2	5	21	38	41	23	24	+ 8.8	19
7	46	54	20	18	+19.4	1	22	92	101	7	8	+ 9.2	18
8	56	62	14	13	+10.6	11	23	53	57	15	16	+ 6.7	23
9	56	58	13	15	+ 3.6	24	24	52	56	17	17	+ 8.1	21
10	90	102	8	7	+13.4	2	25	38	42	24	23	+ 9.9	13
11	105	117	5	4	+11.0	10	26	53	60	16	14	+11.8	6
12	141	158	3	3	+11.8	7							
13	109	110	4	5	+ 0.9	26							
14	77	84	9	10	+ 8.6	20							
15	70	79	11	11	+13.1	3							
							State	\$2,906 ⁴	\$3,198 ⁴	--	--	+10.0	--

¹Sales of commodities and services subject to the Nebraska Retail Sales Tax at the point of sale; excludes such transactions as sales to dealers or ultimate consumers in other states, services charged in construction contracts, and other exempt items such as feed and medicines; but includes some sales by nonretail establishments.

²"Planning and Development" regions as delineated by Nebraska Department of Economic Development in unpublished paper Nebraska Planning and Development Regions. See Map 1 for regions and counties involved.

³Ranks calculated before actual figures were rounded to millions of dollars. ⁴Details do not add to total due to rounding.

Source: Nebraska Department of Revenue, 1969 Sales Tax Summary.

per person by those residing in Region A than by those in Region B. ⁵ Of course, a combination may be the case. Regardless of the cause, a comparison can be made that permits an evaluation of the strengths of the respective regions. One particular aspect of non-comparability in the case of Nebraska is an "overstatement" of the sales of a region whose taxpayers purchase new motor vehicles in other regions yet, as required by law, register and pay the retail sales tax on them at the county seat of the region in which they reside. Such "crossing" of regional boundaries is not believed to be of such a large volume relative to total sales that region-to-region comparisons are invalid.

Table II presents the data for a comparison of the sales per person from region to region. Six regions had per capita sales higher than the state average of \$2,178. Four of these - Regions 1 (Douglas, Sarpy), 2 (Lancaster), 12 (Hall, Hamilton, Howard, Merrick), and 19 (Arthur, Chase, Grant, Keith, Perkins) - represent regions of very strong retail power with per capita sales ranging between \$2,300 and \$2,460.

It was shown in the article previously mentioned that the six leading regions in 1969 per capita sales were also those whose 1968 shares of the state's total sales were well in excess of their shares of the state's total population and total effective buying income. Thus, the evaluation based upon 1969 conditions agrees with that found in the previous, yet differently based 1968 evaluation. Region 13 (Adams, Clay, Nuckolls, Webster) is another strong "net importer" of retail customers and/or retail spending.

Our analysis here gives further indication that there is a "belt" of strong retail activity along the Platte River-Interstate 80 route. Although this is expectable when measured in terms of total sales, since this is also the "belt" of population concentration, reducing the comparison to one of sales per capita provides another way of evaluating the strength of the regions. All except one of the 13 regions having the highest per capita sales, i.e., those with over \$2,100 sales per person, lie along this "belt" (See Table II). When 1969 county personal income data become available, a determination may be made as to whether or not this "belt" includes also those regions that have the highest per capita personal income -

⁵The level of spendable income may, of course, be higher in Region A than in Region B. Also, the average propensity to spend, i.e., the proportion of income that is spent, may differ from one region to another and from one time to another.

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as would seem logical. If, however, there are regions outside the "belt" that have "high" income positions yet "low" sales positions, then reasons for the propensity for retail spending being below potential should be sought.

Retailers of a particular region may not, as a group, be getting their "average" share of the income being spent on retail goods, in comparison with other contiguous competitive regions. A generalized lack of interest in improving or maintaining one's regional position - not just one's individual position - may be the reason for the low share. Alert and aggressive retailers should be seeking explanations and solutions, both individually and as a group. Failure to do so is self destroying.

Where no actions are being taken at the local or regional level to promote retail growth, it would seem unjustifiable to claim that certain public policies are aiding the growth of other seemingly "favored" localities or regions. A part of this matter is, of course, rational conduct based upon as broad a factual base as possible. It should be unnecessary to point out that the intent of this and similar articles is to give something of that factual base. No judgment is offered as to whether any one region or locality is more or less "deserving" of growth, or assistance in generating growth. What has been presented is merely a part of the picture of what has been happening. In a future article a similar analysis will be applied to some of the larger retailing centers in the state.

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TABLE II
NET TAXABLE RETAIL SALES PER CAPITA IN NEBRASKA BY PLANNING AND DEVELOPMENT REGIONS,¹ 1969

Region ¹	Millions of 1969 Sales ¹	April, 1970 Population ²	Sales per Person ³		Region ¹	Millions of 1969 Sales ¹	April, 1970 Population ²	Sales per Person ³	
			\$	Rank				\$	Rank
1	\$1,113	452,648	2,460	1	16	\$ 54	25,497	2,116	10
2	382	165,981	2,301	4	17	51	24,954	2,028	15
3	26	13,249	1,969	17	18	74	32,649	2,255	5
4	85	49,855	1,715	23	19	40	17,319	2,338	3
5	104	47,877	2,168	7	20	42	20,316	2,092	14
6	44	27,807	1,589	25	21	41	19,138	2,163	8
7	54	30,792	1,765	22	22	101	45,612	2,214	6
8	62	36,500	1,686	24	23	57	28,064	2,026	16
9	58	27,689	2,112	12	24	56	30,705	1,836	20
10	102	48,376	2,115	11	25	42	30,515	1,376	26
11	117	59,941	1,949	18	26	60	33,413	1,782	21
12	158	66,526	2,374	2					
13	110	50,988	2,158	9					
14	84	44,029	1,897	19					
15	79	37,661	2,102	13					
					State	\$3,198 ⁴	1,468,101	2,178	- -

¹See footnotes 1 and 2 to Table I, page 2. ²Populations from 1970 Preliminary Census Count. ³Sales per person calculated before actual figures were rounded to millions of dollars. ⁴Details do not add to total due to rounding. Source: Table I and U.S. Bureau of the Census.