

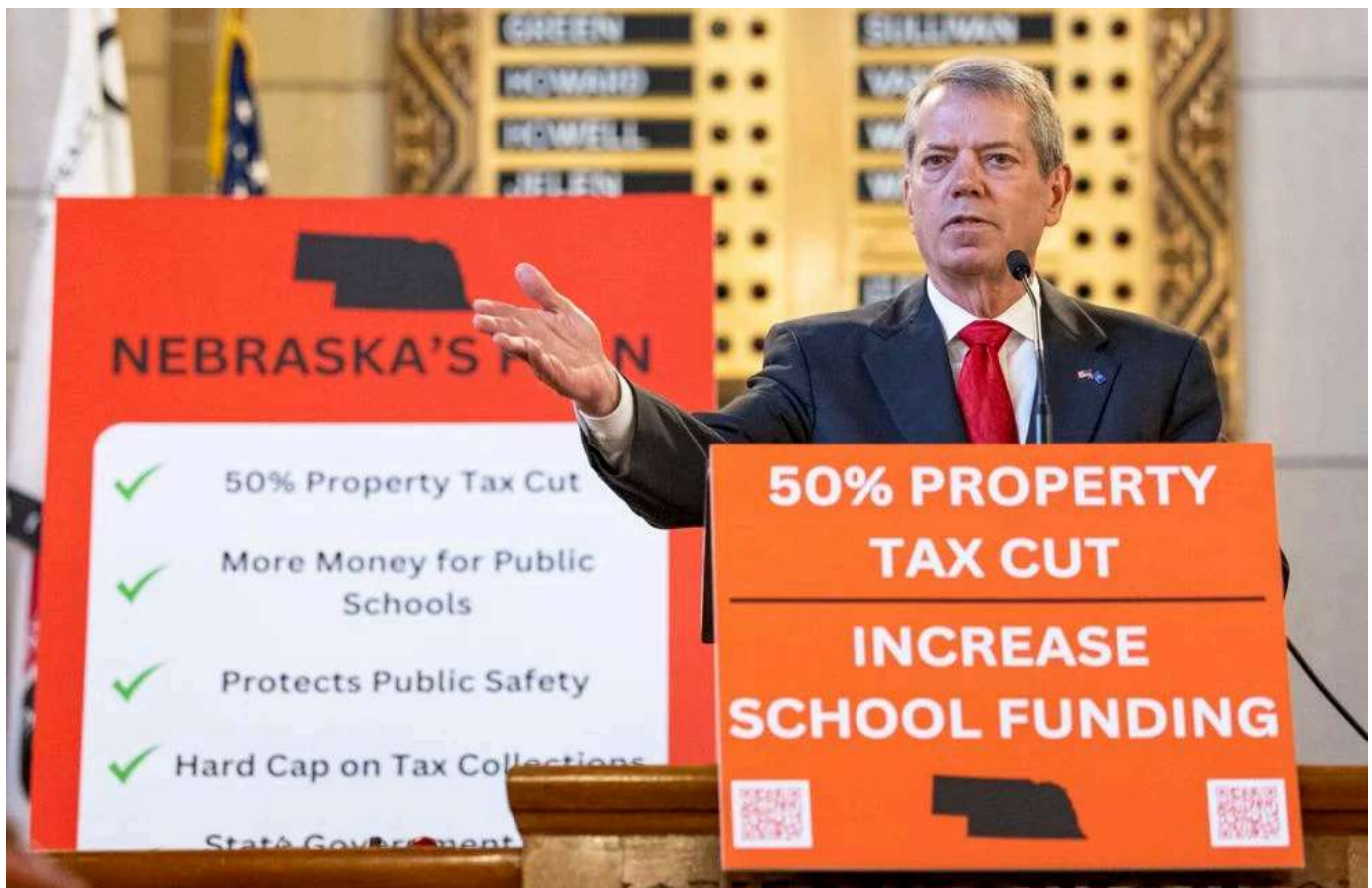
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TOP STORY EDITOR'S PICK

Nebraska Gov. Pillen would reduce own property tax bill nearly \$1M if cuts pass

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Gov. Jim Pillen is using his power as governor to call a special legislative session this week to urge lawmakers to deliver "transformational" property tax relief.

KATY COWELL, Journal Star file photo

Gov. Jim Pillen's pledge to cut Nebraskans' property taxes in half would reduce his own annual property tax bill by nearly \$1 million, a Journal Star analysis of county property records found.

The tax statements, available on county and state-run websites, reveal how Pillen and his businesses stand to benefit from **the dramatic tax restructure he is pressuring lawmakers to enact** this month.

As a hog producer who owns Pillen Family Farms and more than 30 other limited liability companies in Nebraska, Pillen paid at least \$1.96 million in property taxes to local taxing entities in 2023.

The governor would see his total tax bill slashed by roughly \$975,000 if lawmakers delivered on his promise to cut property taxes by 50% at a special session scheduled to begin Thursday.

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The true savings under Pillen's proposal would likely fall short of that figure, however.

An **online tax savings calculator** unveiled last week does not account for the "retooling" of existing tax credits passed by the Legislature in 2020 as LB1107 that many property owners — including Pillen — already benefit from.

Under his plan, Pillen, the state's largest pork producer, figures to cut his own property tax bill by an average of 37%, according to the Journal Star's analysis, which indicates Pillen and his companies would save around \$724,159 with its passage.

The governor and his Columbus-based companies own at least \$190 million worth of property in Nebraska and **remain among the most aggressive land buyers** in the state, purchasing \$35.6 million worth of ag land between 2018 and 2022, when Pillen was elected governor.

His annual salary as governor is \$105,000 a year.



People lined up to speak during a town hall hosted by a group of state senators on Monday at the Wick Alumni Center in Lincoln in advance of a special session focused on cutting property taxes. Many said they disliked Gov. Jim Pillen's plan to have the state take over paying for public schools in an effort to cut property taxes.

KATY COWELL, Journal Star file photo

The governor's personal stake in property tax reform has drawn criticism from some lawmakers and observers as he **has toured Nebraska this summer to urge residents to call their legislators** and "other senators across the state so they hear from the people" in support of his proposal, which would rely in part on increased sales tax revenue to fund property tax cuts.

Pillen, a Republican, has used his power as governor to recall lawmakers to Lincoln for a special legislative session focused on property tax cuts despite repeated public warnings from senators of both parties that the governor's plan does not have enough support in the Legislature to become law.

"I've said it before: this plan robs Peter to pay Pillen," said Sen. Julie Slama of Dunbar, a conservative **who Pillen suggested doesn't "understand balancing a checkbook"** when he hosted a town hall in her Southeast Nebraska district in June.



Sen. Julie Slama of Dunbar speaks in April during the legislative session.

KENNETH FERRIERA, Journal Star file photo

"He went around the state making promises and selling people on a plan — people who work for a living, who are genuinely hurting under the burden of high taxes in the state of Nebraska — and he comes out with a plan that's going to financially benefit his family and force working Nebraskans to pay more in taxes," Slama said, later adding: "It certainly raises some questions, some very serious questions."

Pillen, who has repeatedly called Nebraska's property tax receipts a "crisis," disagrees.

At his news conference last week, where Pillen described himself as "governor for kids, taxes, agriculture, values and selling our products all over the state," he was plainspoken and brief in response to questions over how his quest for property tax reform would benefit his family's business.

"If I was worried about making more money, I sure as hell wouldn't have become governor," he said.



Pillen, shown in his office in December 2023, said last week about questions over how property tax reform would benefit his family's business: "If I was worried about making more money, I sure as hell wouldn't have become governor."

JUSTIN WAN, Journal Star file photo

'One size fits all'

After Pillen **first pledged in January** to cut Nebraskans' collective property taxes by 40% this year, he watched lawmakers repeatedly amend and scale back his tax plan before the Legislature passed over it entirely on the last day of this year's legislative session in April.

In a speech hours later, Pillen chastised lawmakers for their "failure to act" and said he would recall them to Lincoln for a special session on property taxes this summer.

Three months later, with the promised special session set to begin, portions of **Pillen's proposal** have changed.



Corn emojis represent data points on a graph illustrating the rise in revenue collected from property taxes in Nebraska.

KATY COWELL, Journal Star file photo

In June, the governor called for the state to take over the operating expenses for Nebraska's public schools, the largest user of property taxes, to lift \$2.61 billion off the backs of property owners, who paid more than \$5.3 billion in local taxes last year, an increase of about \$1 billion from 2019 and \$2 billion since 2013.

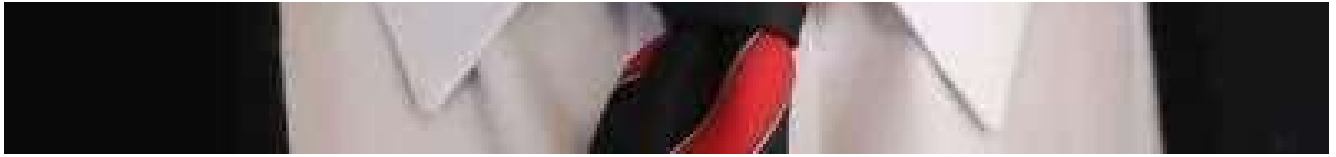
The state, meanwhile, **collected less than \$4 billion each in sales and income taxes**, the other two major tax categories that define state revenues.

To fund the \$2.61 billion shift, Pillen plans to slash \$400 million in state spending and frontload \$910 million worth of existing property tax relief programs, according to the latest figures in his plan shared with reporters at a briefing this week.

The plan will also implement a "hard revenue cap" on city and county revenue collection through local property taxes, though it includes some exemptions for growth and public safety.

Pillen will ask the Legislature to come up with the remaining \$1.1 billion in replacement revenue through "sin tax" hikes and the elimination of more than 100 sales tax exemptions, an unpopular proposal among lawmakers, some of whom blasted it as a **"reverse Robin Hood scheme"** or a **"tax shift."**

The governor's plan to introduce new taxes on up to 114 previously untaxed categories — including on home and car repairs, dry cleaning and admission to youth sporting events, among others — will increase taxes paid by all Nebraskans to alleviate those paid by property owners.



John Hansen

"One of the issues that sort of comes with all the property tax relief stuff ... and it impacts ag in particular is, 'Well, what about Ted Turner?'" said John Hansen, the president of the Nebraska Farmers Union, referring to the billionaire founder of CNN who has long been one of the state's largest land owners.

"What about Bill Gates? What about the Mormon Church?" Hansen said, **naming other aggressive land buyers in Nebraska.** "What about Gov. Pillen?"

"We don't really have a mechanism that we use in property taxes to make property taxes more progressive," he said. "It's just one-size-fits-all. And so based on that, the big landowners are, in most cases, going to get the most relief."

Dylan Grundman O'Neill, a senior policy analyst at the Institute on Taxation and Economic Policy, echoed Hansen, saying wealthy landowners will realize more benefits from tax cuts than middle- and working-class homeowners.



Dylan Grundman O'Neill, a senior policy analyst at the Institute on Taxation and Economic Policy

Courtesy photo

"Generally, with a shift like this, a property tax cut outweighs any sales tax increase for high-income families," O'Neill said. "The lower your income, the less likely that is to be true. Lower-income families will receive some property tax reduction, but on average, it will not offset any sales tax increases they face."

As the businesses adjust to exemptions ending on certain goods and services, the costs will be gradually shifted to consumers, adding layers and layers of taxation, often without transparency, according to O'Neill.

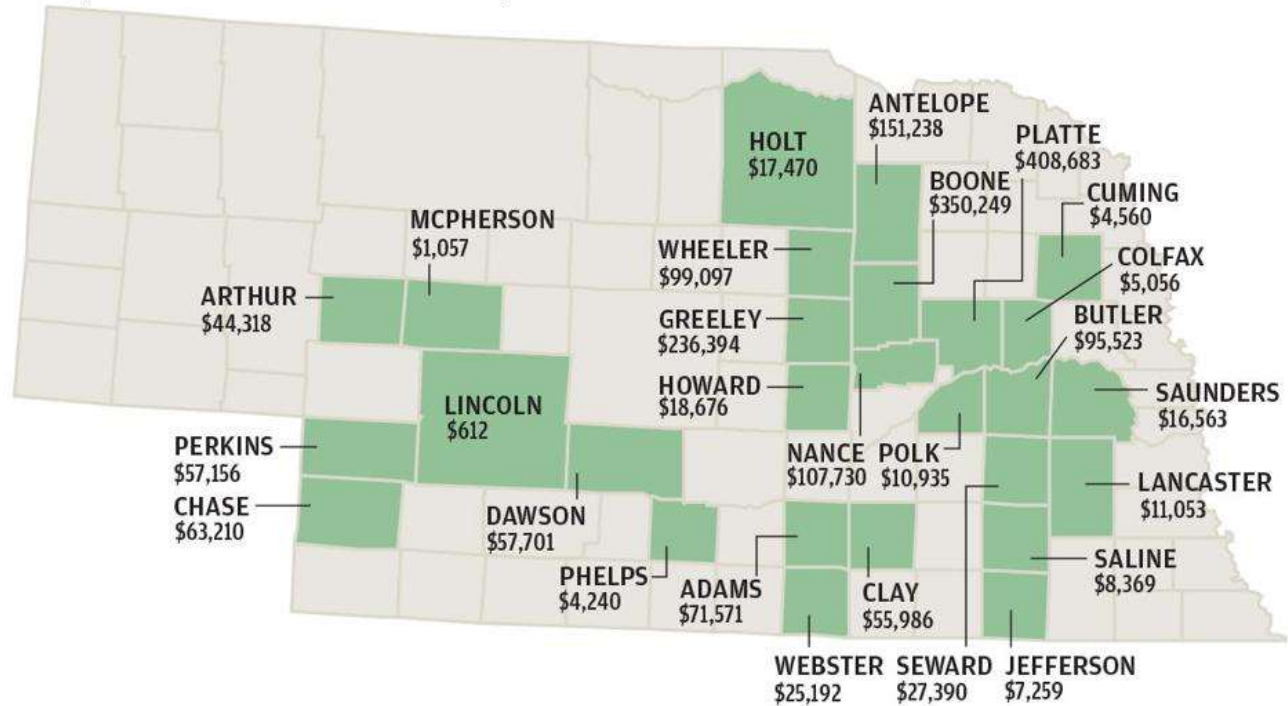
That will affect lower-income Nebraskans, who tend to spend a higher percentage of their income and most of it on taxable items, more than those who receive a larger cut in their property taxes.

"People who own a lot of wealth and happen to have that wealth in taxable property will get the biggest tax cuts — that's pretty clear," O'Neill said. "Not all wealthy people own a lot of land and real estate, but those who do will get the biggest tax cut and it will definitely outweigh their sales tax increases."

For Pillen, such relief would amount to hundreds of thousands of dollars in reductions to his company's property tax bills, which themselves topped \$100,000 in at least five counties last year, according to the Journal Star's analysis of state property records.

Pillen's 2023 property tax bills

Nebraska Gov. Jim Pillen, the state's largest pork producer, paid at least \$1.96 million in property taxes last year on \$190 million worth of land his companies own across 27 of the state's 93 counties.



Source: County property tax records

Lee Enterprises graphic

The governor and his numerous companies — some of which share elements of the "Pillen Family Farms" moniker while others, like Platte Center West, Northern Nance LLC or DNA Productions, are less recognizable — own property in at least 27 of the state's 93 counties, including in Lancaster County, where he purchased a Haymarket condo for \$700,000 in 2018.

The online property tax savings calculator Pillen rolled out last week is flawed, offering no results for searches of some or all of the governor's parcels in at least 11 counties where he owns land, including in Boone, Nance and Wheeler counties, where Pillen owns a combined \$63.2 million worth of land.

"We have not had the time to beta test that in all 93 counties," Pillen said last week.

But in counties where the calculator does work, the governor's estimated savings range from modest to opulent, though his savings rarely amount to the 50% reduction he has promised.



A sign marks the entrance to Gov. Jim Pillen's company's 67-acre hog farm in Arthur County, about an hour northeast of Ogallala. The \$4 million farm, at 1010 Bucktail Road near Paxton, is among more than 200 parcels of land Pillen's companies own across Nebraska, where the first-term Republican governor is pressuring lawmakers to reduce property taxes by as much as 50%.

COURTESY PHOTO

Pillen's property values

Nebraska Gov. Jim Pillen owns at least \$190 million worth of land in 27 of the state's 93 counties. Here's the amount of property he owned in 2023, according to county and state databases:

Adams, \$6,533,276

Antelope, \$12,897,190

Arthur, \$4,007,710

Boone, \$42,088,356

Butler, \$8,855,670

Chase, \$7,585,023

Clay, \$5,306,250

Colfax, \$484,410

Cuming, \$473,840

Dawson, \$3,502,686

Greeley, \$20,119,329

Holt, \$1,404,785

Howard, \$1,501,247

Jefferson, \$545,569

Lancaster, \$659,500

Lincoln, \$53,500

McPherson, \$105,446

Nance, \$9,860,695

Perkins, \$5,371,886

Phelps, \$706,846

Platte, \$39,626,415

Polk, \$980,570

Saline, \$697,960

Saunders, \$1,184,681

Seward, \$2,421,827

Webster, \$2,624,030

Wheeler, \$11,241,205

In McPherson County, for example, where Pillen owns \$105,446 worth of land and paid \$1,057 in property taxes last year, he would save \$454 under his tax plan, according to the state's calculator, a 43% reduction.

In Greeley County, Pillen would also see his tax bill reduced by around 43%, from \$236,394 last year to \$136,131.91 under his plan — a \$100,262 cut in the county where Pillen owns about \$20 million worth of farmland.

Nowhere is Pillen's footprint more visible than Platte County, the home base of his expansive hog farming enterprise, where his companies own at least \$39.6 million worth of property.

In 2023, the governor paid \$408,683.32 in property taxes in Platte County alone. The state's online property tax savings calculator indicates Pillen would reduce his total Platte County property tax bill by 34.5% under his tax proposal, a \$141,102 reduction.



Gov. Jim Pillen can be seen on a camera viewfinder screen speaking about his property tax plan on Thursday at the Capitol. His personal stake in property tax reform has drawn criticism from some lawmakers and observers.

KATY COWELL, Journal Star file photo

For the majority of other property taxpayers in Nebraska, the savings will be much smaller.

In Lincoln, for example, a property owner living in a home valued at \$281,610 — the average home price in 2023 — who pays \$5,000 in property taxes annually could expect to see their tax bill reduced to roughly \$2,800 if the Legislature passes Pillen's plan.

When asked to comment on the Journal Star's findings, a spokeswoman for Pillen's office pointed out every property owner will benefit from the governor's proposal.

“The claim that Gov. Jim Pillen is working overtime to solve the state's escalating property tax crisis solely for his benefit is utterly baseless. Every single homeowner and property owner in the state will benefit under the Nebraska Plan,” Laura Strimple said.

'The way the game's played'

The property tax cuts Pillen would receive under his proposal don't equate directly to cost savings since the governor and his companies, like the rest of Nebraskans, would face increased taxes on untold goods and services under the plan.

In a brochure outlining his proposal, Pillen's office said the plan eliminated 114 sales tax exemptions. Later the same day, a spokesman for the governor sent reporters a list of 102 exemptions "that have been identified for consideration."



Sen. Lou Ann Linehan of Elkhorn (left) and Gov. Jim Pillen give a presentation on a property tax plan on Thursday at the Capitol. Pillen, a Republican, has said he will recall lawmakers to Lincoln for a special legislative session focused on property tax cuts.

KATY COWELL, Journal Star file photo

At his news conference, Pillen maintained that "all of them" could be eliminated — but said the Legislature will have to determine which exemptions to pursue.

In a "statement of principles" the governor's office released Monday, marking the latest evolution of his plan, Pillen issued a list of categories he believes should be exempt from taxation, including food, medicine, goods and services provided by nonprofits and agricultural inputs or manufacturing materials.


He also said the Legislature should exempt services that are currently exempted in all of Nebraska's surrounding states.

A prior draft of his plan obtained by the Journal Star earlier this month proposed ending sales tax exemptions on the purchases of manufacturing and agricultural equipment, as well as energy used in industrial and agricultural operations.

That proposal **drew the ire of ag groups like the Nebraska Farm Bureau**, an organization representing more than 55,000 farmers and ranchers in the state.

Among the state's 130 sales tax exemptions that Pillen and his staff haven't proposed axing, though, are those on animal feed, water and medicine for livestock, and commercial artificial insemination.

"Those are all directly tied to Gov. Pillen's business interests," said Slama. "In a plan where details are sparse, the conflicts of interest certainly raise questions — for me and other state lawmakers."



Patricia Salkin, law professor at Touro University in New York

Courtesy photo

Patricia Salkin, a law professor at Touro University in New York who writes about public sector ethics for her blog, "Law of the Land," said lawmakers often must wrestle with real or perceived conflicts of interest in their work as public officials.

"It comes down to magnitude — is the decisionmaker uniquely positioned to benefit or are there enough others in the public who would also benefit," Salkin wrote in an email.

The Legislature, acting as a co-equal branch of government and check on any potential conflict of interest, Salkin added, will question the governor's motivation against how many people could potentially benefit from his preferred policy.

If the Legislature passes Pillen's tax cut plan and the governor signs it, there will be one more group that will have a say, Salkin said.

"(D)isclosure is the best sunlight ... and the people of the state have to decide whether the governor acted in their best interests on Election Day."

The questions facing the governor over the perceived conflicts of his tax plan are only the latest to hang over Pillen, **whose rise to the governor's mansion has given the state's largest pork producer power** over state regulations and trade practices.

In his first year in office, he led a trade mission to Vietnam, which Pillen later called a **"really important market for beef and also pork."**

Earlier this year, Pillen's office worked closely with livestock groups to ease local permitting processes for livestock feeding operations, **the Flatwater Free Press reported.**

Now, he is recalling lawmakers to Lincoln for a special session — only the fifth special legislative session **in Nebraska in the last 20 years** — to deliver what he has described as "transformative" property tax reform.

Jack Gould, the former issues chair for the government watchdog nonprofit Common Cause Nebraska, stands to benefit from the tax proposal his governor has laid out.

A retired cow-calf farmer who once owned 1,800 acres of land in Nebraska, and **in the 1990s filed a lawsuit against the state** over its school funding formula and its reliance on local landowners, Gould acknowledges Pillen's proposal "would be helping me out" — and all the other farmers, ranchers and property owners in the state who face escalating tax bills every time their valuations rise or their local school district ups their levy.

But Gould acknowledges, too, who else would benefit under Pillen's plan.

"He's gonna help them by helping himself," he said. "And that's kind of the way the game's played."

It's a game he takes exception to.

"I don't agree that taking money and giving it to people like me and people like Pillen and then hurting other people — it's not the way that government is supposed to work," he said. "This is a democracy. We care for all the people. Not just rich people, or people with influence. We care for everyone."