

Keep The Momentum

CHALLENGE

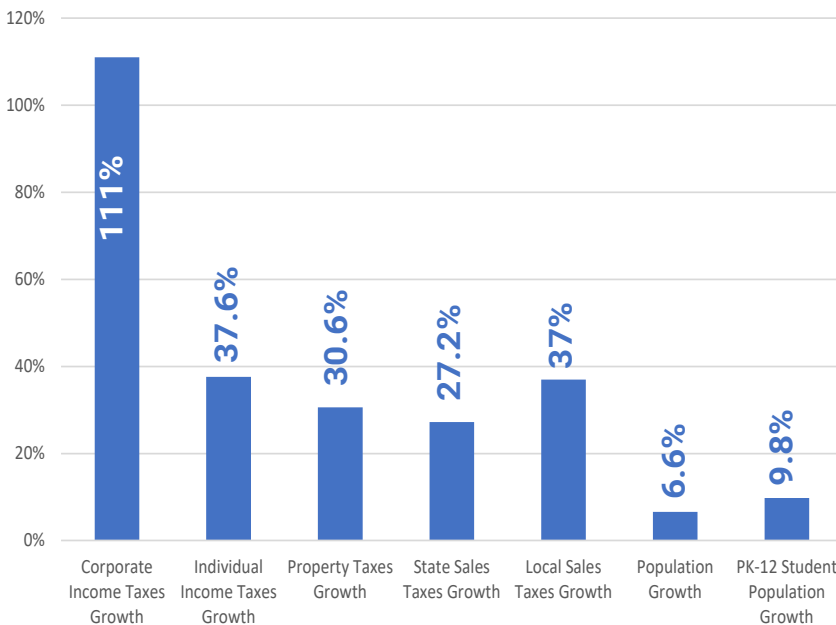
Leaders made substantial progress last year delivering historic tax relief. However, Nebraska's income and property tax burdens, relative to other states, remain a **challenge to the continuing competitiveness** of communities, businesses, manufacturers, and agricultural producers. As a result, tax considerations are becoming an obstacle to attracting new residents, talent, jobs and entrepreneurs.

Nebraskans are appropriately proud of the quality of our schools, infrastructure, and amenities. These play a strong role in our quality of life and a person's decision to stay in Nebraska or move here. However, without sufficient economic and population growth, their funding may be stretched thin. The Blueprint Nebraska plan identifies the need to modernize our outdated tax system. As other states make strategic moves to support employers and attract talent, so must we.

The status quo is not an adequate recipe for sustainability and competitiveness with peer states.



Comparison of Growth in Nebraska Tax Collections, Population and PK-12 Students (2009 - 2020)



1. Corporate income tax receipts nearly doubled in 2019, some of which is due to a Nebraska Department of Revenue decision to tax international income.
2. Tax rate growth adjusted for inflation using U.S. Bureau of Labor Statistics Midwest Consumer Price Index.

IN TAX MODERNIZATION DISCUSSIONS, WE SEEK TO:



Sustain the necessary revenue base and adopt a tax code that promotes economic development.



Update 1967-era property, income and sales tax systems to form a more equitable and competitive tax system.



Minimize high tax burdens that hold residents, producers and community businesses back from greater prosperity.



Attract new residents by freeing up resources to invest in quality of life and innovation initiatives.

NE Chamber Position



NE Chamber members recognize they are one major part of the statewide conversation and balancing act that is tax modernization.

Legislative leaders can promote open dialogue, weigh state needs and prioritize growth. We will be a good partner in this process.

Economic conditions and a shrinking workforce have added urgency to the state's growing need for a competitive and growth-oriented tax code. Now that we're experiencing growth, we must accelerate it with smart tax policy.

Taking the necessary steps now to build a shared vision for tax modernization will ensure Nebraska can compete for talent and investment over the next two decades.

LB754/LB243

We recognize the importance of compromise and flexibility while adhering to some important tax policy guard rails to guide our discussion and keep Nebraska's economy growing.

NE CHAMBER GOALS & GUARD RAILS

GOALS

Legislation should seek to help accomplish Blueprint Nebraska goals of attracting and retaining 18- to 34-year-olds, innovation, research and development, and entrepreneurs.

Legislation should be balanced and targeted at economic growth throughout the entire state and all of our important business and industry segments.

A modernized tax code should enhance the state's ability to attract workforce and capital to our economy.

GUARD RAILS

Any legislation should seek to reduce income tax rates to competitive levels.

Corporate income tax rates should be reduced and not exceed individual income tax rates.

Property tax laws should guard against excessive growth of property tax burden.

Income earned outside of Nebraska should not be taxed in Nebraska.

The sales tax system should not tax the same transactions twice, continuing exemptions for true business "inputs" and trade-in values of used equipment.

The state should retain specific sales tax exemptions common in neighboring or competitive peer states to avoid dislocation of current businesses or consumer transactions.

The percentage mix of sales, income and property tax burdens on Nebraskans should be competitive with peer states.

Retain recent property tax relief.

NE CHAMBER COMMITMENT

We recognize our work must transcend politics and geography. Game-changing progress is not possible without the tough act of building consensus, which requires mutual respect and a genuine search for common ground.



Accelerate Our State

Last year's **game-changing investments** in community, workforce and infrastructure, plus historic tax cuts, cleared the way for a **new era of growth and prosperity** in Nebraska – an era of new families, growing communities, enhanced quality of life, and global market leadership.

We can't afford to let our foot off the gas pedal in 2023. We can't lose our lead in economic recovery and global competitiveness.

We can't let up. We won't. **We must accelerate our state.**

