Written Comments in Opposition to LB171
Change Provisions Relating to Individual and Corporate Income Tax

Dear Chairman von Gillern and Members of the Revenue Committee,

On behalf of the Nebraska Society of Certified Public Accountants, I write to express our opposition to LB171. Our organization represents more than 2,600 CPAs across Nebraska who work with individuals, businesses, and nonprofit organizations in navigating the complexities of our state's tax system. Based on our expertise and understanding of the economic impact of tax policy, we believe LB171 would be a step backward for Nebraska's business climate and long-term economic competitiveness.

LB171 proposes increasing both individual and corporate income tax rates from 4.55% to 4.99% beginning in 2026, while eliminating the previously scheduled reductions to 3.99%. These changes would result in a higher tax burden on Nebraska businesses and residents, undermining efforts to foster economic growth, attract talent, and maintain a competitive tax environment.

We urge the Legislature to consider the following concerns:

- **Increased Tax Burden on Businesses and Individuals** – The previously scheduled tax rate reductions were intended to provide financial relief and promote economic expansion. Raising tax rates will place additional strain on businesses—especially small and mid-sized companies—at a time when they are already grappling with workforce shortages, inflation, and rising operational costs.

- **Negative Impact on Workforce Development** – Nebraska faces ongoing challenges in attracting and retaining skilled workers. By increasing tax rates, our state risks losing talent to lower-tax states such as South Dakota and Iowa, both of which have been actively working to reduce their tax burdens to attract businesses and residents.

- **Undermining Tax Policy Predictability** – Businesses and individuals rely on tax policy consistency for long-term planning. The scheduled reduction to 3.99% provided certainty, allowing businesses to plan investments, hiring, and expansion. Reversing this planned relief disrupts economic stability and erodes confidence in Nebraska's tax policies.

- **Competitive Disadvantage for Nebraska Businesses** – Corporate tax rates influence business location decisions. With other states reducing their tax burdens, Nebraska must remain competitive to retain and attract job creators. Higher corporate taxes discourage investment, placing our businesses at a disadvantage compared to companies in lower-tax states.

Instead of raising tax rates, Nebraska should explore alternative approaches to strengthening its economy, such as fostering business-friendly policies and encouraging responsible government spending. A stable, competitive tax structure is essential to sustaining economic growth and opportunity for all Nebraskans.

For these reasons, the Nebraska Society of CPAs respectfully urges you to oppose LB171. We appreciate your time and consideration of our concerns.