



[www.strongrootsnebraska.org](http://www.strongrootsnebraska.org)

**Building Strong Roots for Nebraska**  
**By Dick Clark**

When entrepreneur Jim Eggers moved to Omaha nearly fifty years ago, he and his wife were still young, but they had big dreams. After years of hard work, their dream of building a successful business was realized, and Jim still gets excited talking about it. For him, one thing is clear: he could not have done it without the free enterprise system. With the freedom to grow a business, “you can do anything,” says Eggers. But now he is concerned that Nebraska is sending a different signal through its high taxes. He says those high taxes “destroy entrepreneurs,” sending “farm boys” and “farm girls” elsewhere in search of opportunity.

This fear is more than just speculation for Mark and Cassandra Hottovy in Lincoln, Nebraska. After completing their college studies at the University of Nebraska–Lincoln, they thought the path to building a family life here in Nebraska would be readily apparent. But as months went by and student loan repayment loomed large, they started to consider the possibility that they might have to do like many of their classmates and leave the state for opportunities elsewhere. Familiarity, family, and Nebraska values were important to the Hottovy family, especially with the addition of their young daughter, Emma. “We value living here,” says Cassandra, and “we worked hard to stay here.”

Duncan Murphy, a graduate of Omaha South High School, traveled out of Nebraska after getting his diploma. Eventually, he decided that he wanted to come back to Nebraska and put down roots here, to enjoy the unique Nebraska way of life. He has since grown a business, Riekes Equipment, that spans the state. He thinks he knows the formula for keeping more Nebraska graduates in Nebraska after they finish school: making income and property taxes more competitive and more family and business-friendly. That will mean more attractive career opportunities for graduates right here at home. While some folks will always be attracted to the glitter of New York City or other destinations in other states, practically minded young people just need a chance to earn a good living that will support strong families.

Unfortunately, Nebraska is a tough playing field for small businesses compared to other states. Nebraska ranked only 34th out of 50 in the Tax Foundation’s 2014 State Business Tax Climate

Index.<sup>1</sup> The costs of higher taxes on income and property mean that businesses in Nebraska start out behind their competition in states with lower tax burdens. For some, that means that jobs that would keep them at home with their families and their neighbors are just not there when they need them.

To strengthen families and businesses in Nebraska, the Platte Institute for Economic Research has developed a long-term tax plan to provide more opportunities for Nebraska families and a business environment that is more competitive with other states in the region and around the country. The initiative, called “Strong Roots Nebraska,” would incrementally reduce income tax rates on both individuals and businesses over a number of years while ensuring property tax predictability by holding rates steady unless voters approve a hike. The proposed tax changes would eliminate income taxes on the first \$6,000 of income for a married couple filing jointly, and would ultimately trim Nebraska’s top personal income tax rate from 6.84 percent to 5 percent, with the top corporate income tax rate reduced from 7.81 percent to 5 percent. More savings for families and businesses will ultimately result in accelerated business creation, greater job growth, and a vibrant, expanding state economy.

Modeled after successful reforms in other states, the Strong Roots Nebraska plan would provide income tax relief for taxpayers right away by relying on a small portion of the state’s existing cash reserve for the first two years of the plan, giving policymakers ample time to identify places in the state budget where resources could be conserved. Future rate cuts would be phased in slowly, requiring only \$40 million in spending reductions each year at the state level. Levy limits would keep property taxes stable and predictable while still protecting funding for education and vital local services.

Whether thinking of grandparents hoping to build memories with their children’s children, farmers and small business owners laboring to build Nebraska’s economic opportunities, or young families just finding a place to put down their roots, tax relief is the right answer. Reducing the tax burden in our state ultimately serves all Nebraskans, and is something our state can achieve the Nebraska way, with careful planning and steady resolve. Enabling more families to put down strong roots in Nebraska means enacting policies that will spark long-term growth and job creation for years to come. This coming legislative session, lawmakers in Lincoln will have a chance to do just that.

*To stay informed about the Platte Institute’s Strong Roots Nebraska tax relief initiative, sign our petition at [StrongRootsNebraska.org](http://StrongRootsNebraska.org).*

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<sup>1</sup> Henchman, Joe and Scott Drenkard. “2014 State Business Tax Climate Index.” Tax Foundation. October 9, 2013. [URL: <http://taxfoundation.org/article/2014-state-business-tax-climate-index>]