



CALIFORNIA

Sacramento, CA
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April 10, 2026

The Honorable Mike Gipson
Chair, Assembly Revenue and Taxation Committee
1020 N St., Room 167 A
Sacramento, CA 95814

Re: SUPPORT – Assembly Bill 2336 (Macedo), Overtime and Pension Tax Relief

Dear Chair Gipson,

On behalf of the National Federation of Independent Business (NFIB), representing some 13,000 small business members across California, I write to express our strong support for Assembly Bill 2336 (Macedo), which would exempt the first \$25,000 of overtime pay and pension income from state taxation.

California's affordability crisis continues to place significant strain on hardworking families, employees, and retirees. Rising costs for housing, energy, food, and everyday necessities are making it increasingly difficult for Californians to make ends meet. Small business owners see these challenges firsthand, both in their own operations and in the financial pressures facing their employees and customers.

Californians are paying some of the highest gas prices in the country, and for many working families, simply commuting to work has become a growing financial burden. At the same time, high rents are consuming an outsized share of household income, in some cases costing the working class as much as two-thirds of their paychecks. Taken together, these pressures make it increasingly difficult for everyday Californians to stay fiscally afloat.

AB 2336 provides meaningful, targeted tax relief that allows Californians to keep more of their hard-earned income. By exempting a portion of overtime pay and pension income from taxation, this measure rewards work, supports the working class as well as retirees on fixed incomes, and helps offset the rising cost of living that continues to drive families out of the state. Exempting overtime pay from taxation incentivizes those working extra hours to provide for their families, ensuring that hard work is rewarded, not penalized, by additional tax burden.

For small businesses, this type of relief also has broader economic benefits. When workers and retirees have more disposable income, it strengthens local economies, supports Main Street businesses, and helps stabilize communities across California.

At a time when affordability remains the defining economic issue facing our state, AB 2336 represents a practical and immediate step toward relief. It is a commonsense policy that recognizes the value of work and the importance of helping Californians remain in the state they call home.

For these reasons, NFIB respectfully urges your support of AB 2336 (Macedo). Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Taylor". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tim Taylor
Legislative Director
National Federation of Independent Business (NFIB) California