

Tony Vargas led the fight in the State Senate to increase income taxes by nearly half a billion dollars and make Nebraska the 5th highest income tax state in the country.

BACKUP:

Tony Vargas introduced LB 50, a bill that would increase state income taxes on the wealthy and was estimated to generate \$478 million in new revenue over five years:

- On January 10, 2019, Tony Vargas introduced Legislative Bill 50 (LB50) – legislation to change individual income tax brackets and rates. (Nebraska Legislature, “LB50 – Change individual income tax brackets and rates,” [View Bill](#), Introduced: 1/10/19)

LB50 - Change individual income tax brackets and rates	
Document Info	Text Copies
Introduced By: Vargas	Introduced
Date of Introduction: January 10, 2019	

(Nebraska Legislature, “LB50 – Change individual income tax brackets and rates,” [View Bill](#), Introduced: 1/10/19)

- LB50 would increase state income taxes on the wealthy beginning at individual taxpayers who earn more than \$100,000 a year. “The comments came as Omaha Sen. Tony Vargas presented his proposal, Legislative Bill 50, to increase state income taxes on the wealthy. The marginal tax rate for single taxpayers who earn more than \$100,000 a year, and married couples earning \$200,000-plus, would rise by 1 percentage point, to 7.84 percent. An additional 1 percent tax would be applied to income in excess of \$1 million. And an extra 2 percent tax would be paid on income over \$2 million.” (Paul Hammel, “Income tax hike for millionaires gets lukewarm reception from some Nebraska lawmakers,” [The Associated Press](#), 1/24/19)
- LB 50 was estimated to generate \$478 million in new revenue for the state over the next five years. “Vargas’ proposal would also adjust state income brackets for low- and middle-income families, delivering a tax reduction for many. The bill, he said, is estimated to generate \$478 million in new revenue over the next five years, providing fiscal stability for the state, which has seen budget trims in higher education and other programs in recent years.” (Paul Hammel, “Income tax hike for millionaires gets lukewarm reception from some Nebraska lawmakers,” [The Associated Press](#), 1/24/19)

Editor’s Note: Legislative Bill 50 was [indefinitely postponed](#) on August 13, 2020.

Sarah Curry of the Platte Institute criticized Vargas’ bill as “bad tax policy” that would raise Nebraska’s income taxes to the fifth-highest in the nation and argued that the “sticker shock” of the tax increase could inspire wealthy individuals to relocate:

- Sarah Curry of the Platte Institute explained that if LB 50 were passed, Nebraska’s income taxes would jump from the 16th highest in the nation to the fifth highest. “Sarah Curry of the Platte Institute said that if LB 50 were passed, Nebraska’s income taxes would jump from 16th highest in the nation to No. 5.” (Paul Hammel, “Income tax hike for millionaires gets lukewarm reception from some Nebraska lawmakers,” [The Associated Press](#), 1/24/19)
- Curry went on to criticize LB 50 as “bad tax policy,” noting it would create “sticker shock” and inspire wealthy individuals to relocate “This is bad tax policy,” Curry said, because it would create

‘sticker shock’ and inspire wealthy individuals to relocate.” (Paul Hammel, “Income tax hike for millionaires gets lukewarm reception from some Nebraska lawmakers,” [The Associated Press](#), 1/24/19)

The Nebraska Chamber of Commerce and two other groups opposed LB 50, arguing that it could harm small businesses that file as individual taxpayers, cause high earners to leave the state; furthermore, the groups noted that raising taxes has not delivered the expected revenue in other states:

- According to the Nebraska Chamber of Commerce, the Lincoln Independent Business Association, and the Platte Institute, raising taxes on millionaires has not delivered the expected revenue in other states, would harm small businesses that file as individual taxpayers, and could cause high earners to leave Nebraska. “But that opinion wasn’t shared by representatives of the Nebraska Chamber of Commerce and two other groups, the Lincoln Independent Business Association and the Platte Institute. They said that raising taxes on millionaires hasn’t delivered the expected revenue in other states, would harm small businesses that file as individual taxpayers, and would cause high earners to leave Nebraska for a lower-tax state.” (Paul Hammel, “Income tax hike for millionaires gets lukewarm reception from some Nebraska lawmakers,” [The Associated Press](#), 1/24/19)