Either type of proposal is intended to benefit the wealthy. This is because the top rate only applies to income above a certain level, so only those with that level of income will see cuts.

Academic research on the effects of income tax cuts on economic growth have failed to reach consensus, but real examples undermine the premise that tax cuts grow economies. Wisconsin cut taxes the same year Minnesota raised them on high earners to fund investments in K-12 and infrastructure. By 2017, "on virtually every metric, Minnesota workers and families [were] better off than their counterparts in Wisconsin," including growth in jobs, wages, median household income, overall economic growth, growth per worker and population growth, according to the Economic Policy Institute.

Nebraska has a progressive personal income tax, as the rate by which income is taxed rises as income levels rise. This helps ensure people pay their fair share of income taxes based on how much they earn.

Most proposals to reduce income taxes involve either lowering the top rate or adopting a flat percentage that applies to all income levels, regardless of ability to pay.

Either type of proposal is intended to benefit the wealthy. This is because the top rate only applies to income above a certain level, so only those with that level of income will see cuts.

TAX CUTS ARE COSTLY
For example, the cost of dropping the top rate by 0.5% would cost more than $180 million. Such revenue losses could threaten funding for K-12 education, healthcare and other economy growers.

TAX CUTS DON’T GUARANTEE ECONOMIC GROWTH
Academic research on the effects of income tax cuts on economic growth have failed to reach consensus, but real examples undermine the premise that tax cuts grow economies. Wisconsin cut taxes the same year Minnesota raised them on high earners to fund investments in K-12 and infrastructure. By 2017, "on virtually every metric, Minnesota workers and families [were] better off than their counterparts in Wisconsin," including growth in jobs, wages, median household income, overall economic growth, growth per worker and population growth, according to the Economic Policy Institute.

Top 1% (>$559k)
Next 4% ($242-$559k)
Next 15% ($125-$242k)
Fourth 20% ($76-$125k)
Middle 20% ($47-$76k)
Second 20% ($28-$47k)
Lowest 20% (<$28k)

Average tax cut by income group
PERSONAL INCOME TAX REFERENCES

1 Analysis by the Institute on Taxation and Economic Policy.


3 Analysis by the Institute on Taxation and Economic Policy.