



DEBUNKING THE MYTHS

The purpose of this document is to educate voters with facts.

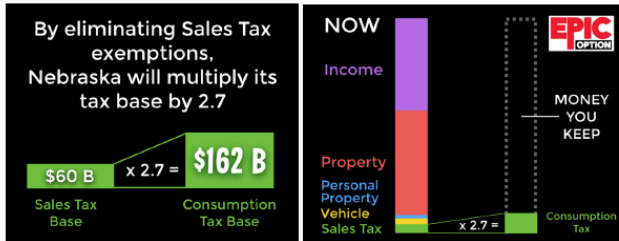
1. MYTH: The EPIC Option would expand the tax base only to individuals.

The EPIC Option would expand the tax base to include all government agencies and non-profit organizations.



2. MYTH: EPIC Option forces those on a fixed income to make hard choices.

Those on a fixed income would pay no income taxes, property taxes, sales taxes or inheritance taxes. Further, those on a fixed income are more likely to buy used goods which are NOT taxed. Under the current tax code, those on a fixed income cannot plan for their rising property taxes.



3. MYTH: The EPIC Option does not stop local units of government from imposing their own consumption tax.

This is no different than the current sales tax. The State currently imposes a State Sales Tax of 5.5%. The City of Lincoln imposes a 1.7% sales tax for a total sales tax rate of 7.25%. This is local control.

4. MYTH: The EPIC Option impedes free market economics.

NO. This is the ONLY tax which can never over-tax the people. It operates on a pay-as-you-go basis. Under the current tax code, the government goes shopping first and sends the bill to the taxpayer, regardless of his or her ability to pay. Under the EPIC Option, the taxpayer would go shopping first and the government would have to live off of what he or she spends at the store.

5. MYTH: The EPIC Option creates a bureaucracy when it sets up the Budget Equalization and Review Board.

The Budget Equalization and Review Board closely resembles how the budgeting process worked in Nebraska prior to 1967. Moreover, the EPIC Option would eliminate vast areas of bureaucracy within state government. For example, the entire income tax division, property assessment division, and inheritance tax division of the Nebraska Dept. of Revenue would all be dissolved and go away.

6. MYTH: The EPIC Option would move control of budgets to the Legislature.

The regional representative on the Budget Equalization and Review Board would not be allowed to alter a county budget. Instead, the regional rep, along with the Secretary and the State Auditor, may ask a county board to fix their budget. ONLY when time runs out on Oct. 15th does the bill give authority to a regional rep to fix a county budget.

The state needs to operate the same way as a private citizen.

The EPIC Option would force lawmakers to pay attention to the state of the economy instead of just needlessly spending taxpayer dollars.



7. MYTH: The EPIC Option is not fair.

The consumption tax is the ultimate fair tax. Everyone pays into the system according to his or her own means.

8. MYTH: The EPIC Option would lead to rampant fraud.

Consumption taxes are the most difficult to defraud. The Dept. of Revenue currently has a fraud unit to investigate fraud with the state sales tax. The same unit would be retrained to investigate fraud for the EPIC Option tax.

9. MYTH: The EPIC Option does not promote home ownership.

There is no consumption tax on land purchases or the purchase of used homes.



10. MYTH: The EPIC Option does not promote personal liberty.

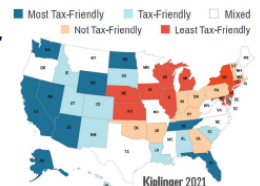
YES, it does. Read the Taxpayer Bill of Rights in LB 79. Unlike the income and property taxes, which are the most regressive and invasive forms of taxation, the State would never need to know anything about your income, your property, or your family under the EPIC Option.

11. MYTH: The EPIC Option does not build communities.

People would have more money in their pockets to pour into their communities. The EPIC Option does not change any current funding to social or community programs.

12. MYTH: The EPIC Option does not create wealth.

Our current tax system does not create wealth. The EPIC Option does not tax investments. The income and property taxes are confiscatory taxes, meaning that the government takes your money before you can spend it.



13.MYTH: The EPIC Option would end local control of school boards.

The EPIC Option would preserve local control of school budgets but take away the power of the school boards to tax their people to oblivion. The regional rep would not have the authority to change a school district's budget.

However, the rep, along with the Secretary and the State Auditor, could ask a school board to fix a budgeting problem when schools exceed their budgeting authority.

14.MYTH: LB 79 sets the consumption tax rate at 7.5% instead of 7.25%.

This rate was chosen to create a \$100 million buffer for the first year of the tax. This was wise. Not creating the buffer would be ridiculed.



EPIC OPTION SIMPLE VERSION:

- Stuff you own, including your income: **NOT TAXED.**
- Stuff you buy new for yourself: **TAXED.**
- Stuff you buy for your business: **NOT TAXED.**
- Groceries you buy: **NOT TAXED.**

15.MYTH: The EPIC Option would require a rate of 15% or higher.

This myth is based on a faulty study from the Open Sky Institute produced 3 years ago by the Institute on Tax and Economic Policy (ITEP). That study fails for 3 reasons:

- 1) It is not a study on the EPIC Option.
- 2) It is a static, not dynamic study.
- 3) The study failed to factor in \$61 billion in taxable sales due to the elimination of all of the current sales tax exemptions.

THE BEACON HILL INSTITUTE

ECONOMIC METHODS APPLIED TO CURRENT ISSUES

The Beacon Hill Institute published their dynamic study of the EPIC Option in February 2023 and concluded that the tax rate could be set at 7.23% and still be revenue neutral. That study is available online at: www.epicoption.org.

16.MYTH: The EPIC Option shifts the burden of taxation onto lower and middle income families.

Those who are wealthy would pay more consumption taxes than those who are poor because they have more disposable income. Those with less income are more likely to purchase used goods which would not be subject to the EPIC Option Consumption Tax.

EPIC only taxes families on the basis of what they can afford to pay based upon the new items they purchase. The current tax system taxes families whether or not they can afford the taxes.



Nebraska is #2 in the nation for farm & ranch bankruptcies precisely because farmers & ranchers cannot afford to pay their taxes.

17.MYTH: The EPIC Option will tax medical services.

The EPIC Option states explicitly that insurance claims cannot be taxed under the EPIC Option. It would only tax those medical services & products not covered by health insurance.



LB79 lists the premium tax on insurance premiums as an excise tax. When a hospital or medical clinic bills an insurance company, that becomes a business-to-business transaction and will not be taxed.

18.MYTH: The EPIC Option would give a big windfall to corporations.

All businesses pass their taxes down to consumers. The EPIC Option would benefit businesses & corporations by eliminating corporate state income taxes, state sales taxes, property taxes, and removing the burden of withholding employee wages for state income tax purposes.

ELIMINATE PROPERTY INCOME AND CORPORATE TAXES

19.MYTH: There is no guarantee that landlords would lower their rates.

Yes, there is. The law of supply and demand would cause landlords to compete with each other in order to attract the best tenants.

Families who currently rent a home or an apartment have their rents continuously raised on them because their rents are tied to the landowner's ever-increasing property values & property taxes. Once these taxes are repealed, the incentive for landlords to raise their rents would go away.

20.MYTH: The EPIC Option had to be amended.

The EPIC Option bill was amended because the Legislature's Bill Drafting Dept. could not turn the bill around fast enough. The bill drafter could not get the changes done before the scheduled Jan. 6, 2023 press conference.

Consequently, the bill drafter created a white copy amendment. Since AM 314 is a white copy amendment, it became the bill. This is considered standard Legislative procedure.



FOR MORE INFORMATION:

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