



## EPIC Consumption Tax 101 for Beginners

1. Eliminates all Nebraska Income, Property, Inheritance, Sales and Corporate tax.
  - A) The money the State currently takes from you for property and income tax will be extra money in your pocket that you now have to purchase items for you and your family.
  - B) Since there is no property tax, your spending money will never decrease due to an increase in your property tax.
  - C) Since there is no state income tax, if you get a raise, the State of Nebraska will not take one penny of your raise.
  - D) If your property tax is \$3,000.00 annually and your income tax is \$1,200.00 annually, this gives you an extra \$4,200.00 annually or \$350.00 monthly. As you purchase items with the extra \$350.00 and pay the EPIC tax at a rate of 8.97%, the total taxes are \$31.40. This means the extra you have to purchase goods and services is \$318.60 monthly or \$3,823.20 annually. Under the current tax system you have \$0.00 for goods and services to purchase for you and your family, because the entire \$4,200.00 goes directly to property tax and income tax.
2. Taxes all services, no exceptions.
  - A) Catering, dry cleaning, dining, medical.
3. Taxes only new goods.
  - A) No taxes on a previously owned house.
  - B) No taxes on a used car.
  - C) In fact, no taxes on any used item.
4. Eliminates double taxation and will not create double taxation.
  - A) Will not add the 8.97% to gas since there is already an excise tax.
  - B) Will not add the 8.97 % to insurance premiums because they already have a 1% premium tax.
5. Everyone gets a monthly prepayment, referred to as a Prebate.
  - A) This is so no Nebraskan will pay taxes on goods and services purchased at or below the poverty level. The State only keeps taxes paid above the poverty level.
  - B) Nebraskans will be provided a debit card that will be reloaded at the beginning of each month with the Prebate.
  - C) The Prebate is for basic necessities like food, but each individual can decide how to spend it.

D) EPIC Consumption Tax Prebate Table

EPIC Consumption Tax Prebate Table		
Family Size	Poverty Level	EPIC Tax Annual Prebate
1	\$12,880.00	\$1,155.00
2	\$17,420.00	\$1,563.00
3	\$21,960.00	\$1,970.00
4	\$26,500.00	\$2,377.00

For larger families, add \$4,540 to the Poverty Level for each additional family member. The Prebate is .0897 x the Poverty Level.

- E) For a single person at the poverty level earning \$12,880.00 annually, the Prebate will deposit \$1,155.00 annually in their bank account. This means they pay no taxes on \$12,880.00 of purchases. Anything purchased over the \$12,880.00 will start being taxed at the rate of 8.97%. If someone is also on SNAP, they will stay on SNAP and that will still be tax free, plus they will receive the Prebate.
6. The consumption tax rate is 8.97%.
    - A) Based on a dynamic study this is what is required to generate the 10.9 billion needed to run state, county and local governments' budgets in Nebraska and still allow for the Prebate.
    - B) This will start in 2024.
    - C) The rate is projected to decrease to 8.12% by 2028.
  7. Currently 60% of Nebraskans pay 100% of the taxes.
    - A) Now the other 40% will pay too.
      - a) Government agencies, non-profits, no tax exemptions.
  8. No taxes on business inputs.
    - A) Shears for a barber, Shelving to display goods, Carpentry equipment, Tool and die equipment, Farm equipment and fertilizer, Office supplies and furniture.
    - B) Milk, butter, eggs purchased by a grocery store to resell.
  9. Housing rent will eventually decrease.
    - A) Currently if the amount of property tax raises on a rental property, then landlords will raise the rent so their profit does not decrease.
    - B) Initially there may be an 8.97% increase in rent. But to stay competitive with other landlords and to keep renters, landlords can decrease rent and still have the same profit or even an increase in profit.

C) EPIC Consumption Tax Renter Benefits Table

EPIC Consumption Tax Renter Benefits			
Current Tax System		EPIC Consumption Tax System	
Target Monthly Profit	\$1,000.00	Target Monthly Profit	\$1,000.00
Monthly Property Tax	\$250.00	Monthly Property Tax	\$0.00
Current Sales Tax	\$0.00	Consumption Tax	8.97%
Monthly Rent	\$1,250.00	Monthly Rent	\$1,089.70
Each year property tax increases, landlords will increase rent by the amount of the increase to keep their profit.		The landlord can decrease this rent by almost \$250.00 a month to stay competitive and still keep their current profit. As property becomes vacant, landlords will start lowering the rent to attract renters, they know vacant property makes them nothing. This will cause landlords to lower rent to keep renters from leaving. It is a win, win! Renters will pay less, and landlords will keep the same profit or even increase their profit.	
This table only shows a decrease in rent based on there being no property tax. But with the EPIC Tax, the landlord will also not pay taxes on business inputs such as carpentry equipment, paint, and flooring. Under the current tax system, these taxes are typically also passed to the renter in the form of increased rent.			

10. Nebraska can keep prices of goods and services lower than border states, such as Iowa.

- A) This will increase the amount of taxes collected in Nebraska.
- B) Example for a refrigerator that wholesales for \$1,500.00 and is sold in an appliance store in both Iowa and Nebraska.
  - a) The stores in each state will add 10% for profit.
  - b) Iowa will add another percentage to hide property taxes, income taxes and business input taxes; for this example we will only increase by 10%. Then Iowa will charge another 7% in sales tax. The final price paid in Iowa is  $(\$1,500.00 + \$150.00 + \$150.00 = \$1,800.00) \times 7\% = \$1,926.00$ .
  - c) Nebraska will not add an extra percentage to hide property taxes, income taxes and business inputs because there are none under the EPIC Tax. Nebraska will only charge the 8.97% consumption tax and the 10% for their profit.  $(\$1,500.00 + \$150.00 = \$1,650.00) \times 8.97\% = \$1,798.00$ .
  - d) That makes the refrigerator \$128.00 cheaper in Nebraska than it is in Iowa.
  - e) The same thing will happen with groceries, clothes, new cars, and restaurants; now imagine the amount of savings this will be for a family. Definitely worth a drive to Nebraska.

11. EPIC Tax Calculation Example:

- A) If your current property tax is \$3,000.00 and your income tax is \$1,200.00, you will have an extra \$4,200.00 in your pocket to spend. If you are a single person and taking the Prebate in consideration, under the EPIC Tax in order to pay \$4,200.00 in taxes at the rate of 8.97%, you would need to spend \$59,703.00 on goods and services. Under the current tax system, the State just takes the \$4,200.00 and you have no goods or services to show for it.