



# EPIC Option Made Simple

## EPIC Option Consumption Rate

### 1. Beacon Hill Institute Study

The proposed consumption tax rate is based on the study completed by Beacon Hill Institute. The entire Beacon Hill Study can be found at [www.EPICOption.org](http://www.EPICOption.org)

The Beacon Hill Institute Nebraska State Tax Analysis Modeling Program (NESTAMP) is a dynamic model that captures the effects on economic activity from tax rate changes. NE-STAMP allows the Beacon Hill Institute (BHI) to provide estimates of the fiscal and economic effects of the proposed tax change.

In this study, BHI evaluates the replacement of all state taxes on income, the state sales use tax, and all local property taxes with a revenue-neutral, bro+ad-based consumption tax in Nebraska. The revenue-neutral consumption tax rates required to replace existing revenue while exempting groceries starts at **7.23** percent in Calendar Year (CY) 2026 and falls to **6.52** percent in CY 2030. NESTAMP generated the following results:

- A. The state population would increase by 1.9 percent in CY 2026 and by 2.3 percent in CY 2030;
  - B. Personal consumption would increase by 3.8 percent in CY 2026 and by 7.2 percent in CY 2030;
  - C. Net employment (the increase in private sector jobs less the decrease in public sector jobs) would increase by 47,154 jobs in CY 2026 and by 58,065 jobs in CY 2030;
  - D. Investment would increase by \$8.6 billion in CY 2026 and \$10.2 billion in CY 2030;
  - E. Real (inflation-adjusted) disposable income would increase by \$9.6 billion in CY 2026 and by \$12.7 billion in CY 2030; and
  - F. State real (inflation-adjusted) Gross Domestic Product would increase by \$23.3 billion in CY 2026 and by \$32.2 billion in CY 2030.
2. Nebraska State Annual Budget and retail sales on products and services, projected to January 1, 2026.
- A. Nebraska State Annual Budget, including local and county budgets is \$11.7 Billion.
  - B. Projected Retail Sales on Products and Services is \$162 Billion.
    - a. \$60 Billion from the current tax base, from currently taxed products and services. (37% of the \$162B)
    - b. \$75 Billion additional tax base, from currently exempted products and services. (46% of the \$162B)
    - c. \$27 Billion from additional tax base, from the dynamic effects calculated in the Beacon Hill Study. (17% of the \$162B)
  - C. \$162 Billion from Retail Sales  $(\$60 + \$75 + \$27) \times 7.23\% = \$11.7$  Billion for the Nebraska State Annual Budget.

