



1. Is this the first time that Nebraska voters would force a change in the tax policy in our state?

No, in 1966 the Nebraska voters were upset at the burdensome property taxes paying for all government budgets: state – county – city – and local units of government.

The voters ran a successful petition drive that eliminated property taxes as the only funding source for state government. **That 1966 petition drive forced the Unicameral to define the tax policy required to replace eliminated property taxes.** The 1967 Legislature debated on multiple options and then set the tax policy as a 3-legged stool, implementing both income tax and sales tax to pay for state government, along with local property tax.

2. Why is now the right time to stop kicking the can of burdensome tax relief down the road?

Today, the voters of Nebraska are upset with the burdensome 3-legged stool, especially with property taxes that have risen 20% or more for 3 consecutive years. That equals a 72% compounded increase which is terribly burdensome. Retirees are moving out of Nebraska because they can't afford to pay continually increasing property taxes. Young families scrimp and save to afford the down payment on their first home, only to be financially squeezed when their monthly escrow account grows by hundred dollars each month to pay for increasing property taxes. New businesses can only be lured to Nebraska by offering TIF financing or other special programs that reduce property taxes payment for 15 or 20 years.

3. Isn't eliminating property taxes and income taxes just going to benefit the rich?

Economic growth is the engine that creates jobs that citizens need to live, raise their family, and economically prosper. Property taxes choke economic growth. So, the best way for low income families to become middle income families is to have a strong economy with rising wages. States that have eliminated state income taxes or inheritance taxes have had significant population growth, while Nebraska has had minimal population growth over the past 50 years.

4. Isn't sales tax the most regressive tax on low income families?

Many economic studies show that a sales tax is the least burdensome tax policy because each adult has control over their purchases. So, the broader the tax base, the lower the sales tax rate can be. Sales tax is fair because every citizen has *'skin in the game'* so everyone has incentive to become a watchdog on their local and state budgets. They become a bulldog in holding down government budget growth because it directly drains their own pocketbook and monthly family budget. Sales tax is also a fair tax to the entire population because high income citizens buy far more products and services, so they will pay many more dollars in sales tax each year.

5. How will our public schools, city services, and county government services like police and fire protection be funded?

Each local government entity will continue to have elections as you currently have. Your elected officials will create their budgets and present to the citizens as happens currently. The Legislature could create several Regional Budget Equalization and Review Boards who would review and approve local government budgets. Your Regional Budget Representative and the State Treasurer can only ask a county board or city council to fix their budget if it exceeds allowable maximum growth. All sales taxes will be forwarded from businesses to the Nebraska Department of Revenue. The Legislature will disburse funds to each local government entity based on their approved budget.

6. Why the change from a consumption tax to a sales tax?

Many economic studies show that a sales tax provides the widest tax base – which will result in the lowest tax rate. The lowest rate benefits all Nebraskans. Only one petition form will be required –which will eliminate property taxes, individual and corporate income taxes, and inheritance taxes.

All Nebraska government entities will acquire funds from excise taxes plus state & local sales taxes.



EPIC OPTION FREQUENTLY ASKED QUESTIONS



7. What consumer goods and services will be included in the tax base?

After a successful petition drive and vote of the people, the Legislature will be forced to debate and define the products and services to be included in the tax base. Voters will have the ideal opportunity to have their voices heard and take priority over the lobbyists and special interests who actually represent a very small number of voters. The Legislature will have to create a specific list of all products and services to be taxed. It could include tattoos, haircuts, perms, pedicures, pet care, day care, rent, out-of-pocket health care, professional services, etc.

8. Will my local city sales tax remain in place?

Yes, if your city has a local sales tax, it will remain in place. Of course, any future changes to increase, decrease, or start a local sales tax will require a vote of the people in that municipality.

9. What happens to government services during economic slowdowns?

State and local governments need to operate the same way as a private citizen. Some government services are high priority like fire & rescue departments, police protection, road maintenance, etc. Other services are lower priority. EPIC Option would force elected officials to pay attention to the state of the economy and tighten their spending just like a family does --- and eliminate low priority (non-essential services) from their budget and spending.

10. What is the effect of the other property tax petitions on EPIC Option? Are they beneficial or detrimental to EPIC Option?

We believe the other property tax petitions are more detrimental than beneficial. A 3% cap on valuation increases sounds good, but government expenditures are already excessively high. So a 3% cap means that government spending will continue to compound as it grows annually and increase the property taxes on a home by 33% in 10 years. That means a homeowner paying \$6,000 per year in property taxes in 2025 will be paying \$8,000 per year in 2035!

The other petition would decrease property valuations by 50% and increase sales tax rates as the source of government funding. Property taxes are mandatory taxes and must be paid whether the property owner can afford to pay them or not. As long as property taxes exist, the government continues to own all property and the citizens continue to rent from the government. A sales tax is a voluntary tax, because each no one is forcing any citizen to purchase any good or service.

11. Which states do not have state income or inheritance taxes?

States with NO income taxes: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.

The only states with state inheritance taxes: Kentucky, Maryland, Nebraska, New Jersey, & Pennsylvania.

12. Will other states seeking to eliminate their state property taxes help Nebraska?

Yes! Florida has visionary leaders who also want to eliminate their state property taxes.

For more information and to stay informed, visit EPICoption.info