

How Consumption Tax Works

1. Taxes all services - No exemptions

- Catering, dry-cleaning, etc.
- Tax imposed at time of service
- Business collects and pays tax

2. Taxes only new goods

- Tax imposed at time of sale
- No tax on used goods
- No tax on business inputs
- Business collects and pays tax

3. Everyone gets a pre-bate

- Compensates for taxes paid up to the poverty level
- Deposited into bank account at beginning of each month
- State only keeps taxes paid above the poverty level

4. Eliminates other taxes, except fuel

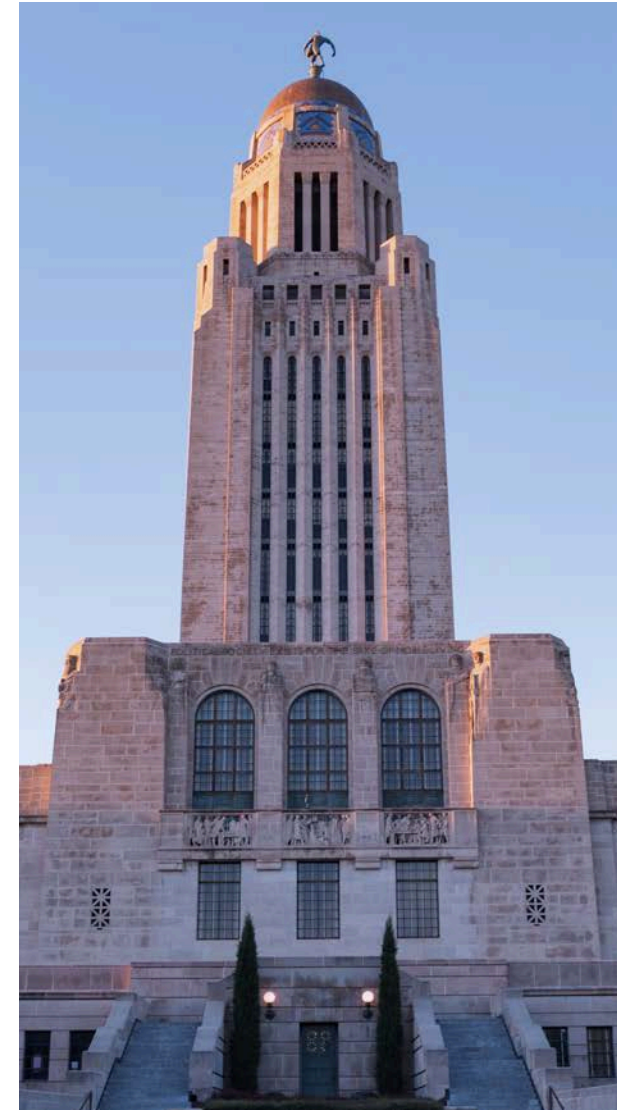
- No taxes on income, property, sales, inheritance, etc.

5. State funds cities, schools & other State agencies



LR300CA

A Constitutional Amendment for a Consumption Tax



Comparing the Consumption Tax to Other Forms of Taxation

Sales & Use Taxes

Consumption Tax

Unfair

Fair

Too many exemptions

No exemptions

Complex

Simple

Distorts the economy

Reflects the economy

Creates hidden taxes

No hidden taxes

Reduces investment in Nebraska

Increases investments in Nebraska

Adversely affects lower income

Low income pay no taxes

Inheritance Tax

Consumption Tax

Forces family businesses and properties to be sold to pay tax

Enables family businesses and properties to remain in the family

Discourages capital formation and entrepreneurship

Encourages capital formation and entrepreneurship

Fosters continued dominance of large enterprises over small, family owned companies and farms

Creates an equal playing field for small, family owned businesses and farms to compete

4. Requires rigorous tax planning

Minimal tax planning

LR300CA would put a ban on all forms of taxation on the November ballot except for a Consumption Tax.

What does this proposal do?

- Replaces all taxation with a single Consumption Tax on services and new goods purchased for personal consumption except for necessities
- At the retail cash register, everything is taxed
- The “untaxing” of necessities is done by sending a pre-bate payment to every citizen and legal resident in Nebraska.
- The pre-bate is for basic necessities like food, but each individual can decide how to spend it
- When a business makes purchases, the goods are not taxed, for example;
 - Shears for a barber
 - Shelving to display goods
 - Milk, butter, eggs purchased by a grocery store to resell
 - Carpentry equipment
 - Tool and die equipment
 - Construction equipment
 - Farm equipment and implements
 - Office supplies and furniture
- **An easier summary: No business expenses are taxed**

Nebraska Income Tax;

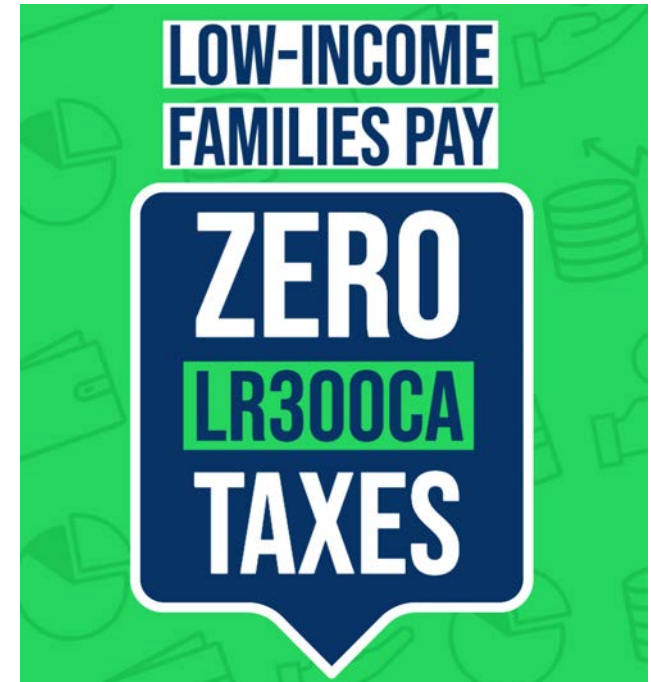
1. Unfair and complicated
2. Taxes capital gains on stocks/bonds
3. Non-profit organizations exempt
4. Reduces the standard of living
5. Redistributes wealth
6. Impedes competitiveness
7. Lowers productivity
8. Reduces savings & investments
9. Slows economic development
10. Increases administrative costs
11. Bloats state budget
12. Disregards constitutional rights
13. Hides true cost of government
14. Undermines family formation
15. Thwarts upward social mobility
16. Requires rigorous tax planning
17. Wages are withheld
18. Punishes citizens for delinquency
19. Rate is subject to change
20. Difficult and expensive to protest

Nebraska Property Tax;

1. Land valuations are complicated
2. Impossible to ever fully own land
3. Too many exemptions
4. Incentives are too expensive
5. Homestead exemptions for some
6. Unfairly favors large corporations
7. Discourages home improvement
8. Reduces savings & investments
9. Slows economic development
10. Increases administrative costs
11. Bloats state budget
12. Forces bankruptcy & foreclosure
13. Hies tax in mortgage payment
14. Undermines family formation
15. Thwarts upward social mobility
16. Requires rigorous tax planning
17. The tax that never ends
18. Punishes citizens for delinquency
19. Rate is subject to change
20. Difficult & expensive to protest

New Consumption Tax;

1. **Consumption tax is fair and simple**
2. **Honors private property rights**
3. **No exemptions**
4. **Enhances economic growth for all**
5. **Poor pay no taxes**
6. **Increases competitiveness**



7. **Encourages productivity & home improvement**
8. **Promotes savings & investments**
9. **Multiplies economic development**
10. **Reduces administrative costs**
11. **Shrinks state budget**
12. **Upholds constitutional rights**
13. **Upfront & transparent**
14. **Family friendly**
15. **Improves upward social mobility**
16. **Requires minimal tax planning**
17. **Tax on services and new goods only**
18. **Business collects and pays the tax**
19. **Single-rate only**
20. **No reason to ever protest**