

# **One Hundred Eighth Legislature - First Special Session - 2024**

## **Introducer's Statement of Intent**

### **LB16**

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**Chairperson: Senator Lou Ann Linehan**

**Committee: Revenue**

**Date of Hearing: July 31, 2024**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB16 implements the EPIC Option Consumption Tax. The EPIC Option Consumption Tax is an acronym where the word EPIC stands for the Elimination of Property, Income and Corporate taxes. Together with the aid of LR4CA and LR5CA, the EPIC Option Consumption Tax would repeal all state taxes except consumption taxes and excise taxes.

LB 16 establishes the taxpayer's Bill of Rights.

The EPIC Option Consumption Tax imposes a tax on the sale of new goods and services. Used goods are never taxed. There is no tax on business-to-business transactions or investments. No good or service may be taxed in more than one way. If a good or service is subject to an excise tax, it cannot be subjected to a consumption tax, and vice versa.

LB 16 established a starting consumption tax rate of 7.5% beginning January 1, 2026; however, the Legislature would retain sole authority for setting the rate.

The EPIC Option Consumption Tax retains local control over the budgeting process for Counties. Counties submit their budgets to five regional representatives who comprise the Budget Equalization and Review Board. Funding for counties comes from the state. Funding for counties comes out of three funds: 1) The County Trust fund covers the budgets of all 93 counties, 2) the County Stabilization Fund provides additional revenues for public service needs, hospitals, and roads, 3) the County Rainy Day Fund provides revenues for emergencies and blighted properties.

Public School Districts retain local control over the budgeting process. School districts submit their budgets to five regional representative who comprise the School Equalization and Review Board. Funding for public school districts comes from the state. Funding for schools comes out three funds: 1) The School Trust Fund covers the budgets of all public

school districts, 2) The Education Stabilization Fund provides additional revenues for all public school districts by utilizing a new TEEOSA-like formula with scores that are simple and easy to calculate, 3) The Education Facilities and Growth Fund provides additional revenues to public school districts for the construction of new facilities and the repair of existing facilities plus growth and the need for new programs.

The Education Facilities and Growth Fund utilizes three new boards and/or committees: 1) The Facilities Assessment Committee would assess the facilities needs of all public school districts, 2) The School Programs and Growth Committee would assess the growth and program needs of all public school districts, 3) The School Facilities and Growth Commission would establish the policies for measuring facilities needs and growth needs of the public school districts and submit a report of such needs to the School Equalization and Review Board.

**Principal Introducer:** \_\_\_\_\_

**Senator Steve Erdman**