

capital gains, rent, Social Security benefits, retirement compensation, investment income without deduction, exception, or exemption. It's collected by the Department of Revenue just as income tax is. This tax would import tax dollars in two ways, we all know how Wyoming export tax dollars through severance tax. This imports tax dollars by being deductible from the federal income tax when it's paid, and secondly, by collecting from large corporate entities and multistate corporations, such as IBM, General Motors, Kawasaki, John Deere, and all of those people that sell goods in Nebraska, that same 1/2 of 1 percent. This is constitutional from the United States point of view, this is constitutional in Nebraska now, with no constitutional amendment. Gross receipts establishes a valid tax base that recognizes that mercantile and service base. It would generate, according to the legislative fiscal office, approximately \$750 million, which in this amendment is put into a School and Community College Operation Fund. This fund would fund the operation of and the transportation required for the community colleges and the K-12 public school systems in this state. The net effect would be, in exchange for the 5/10 of 1 percent, a reduction in real property tax between 50 and 60 percent in every case across the State of Nebraska. The revenue from the gross receipts tax would be deposited in this fund, and distributed in the following manner--school districts and community college boards would prepare their respective budgets, just as they do currently, under the lid constraints that they operate under currently. The school districts and community colleges would forward their budgets to the various county boards, as they now do. Each county board would levy the tax necessary, as always, with the exception that the school operation portions of the budgets that are submitted would be compiled into a single county total and submitted to the state. The Department of Revenue would add all 93 county school operational askings to obtain a total for the state. Each county would then be assigned a proportional percentage of that total. As funds are received from the gross receipts tax, the department would forward to each county their respective share, up until 100 percent had been met. The counties would then distribute the money to each district within their jurisdiction. As you can see from the examples in the handout that you just received, the impacts of reducing property tax 50 to 60 percent, and leaving on the property those taxes that are justly paid by property for fire protection, police protection, paving, sewer, capital construction, and bonded indebtedness, and the operation of the general ongoing county government, the maintenance of the