

Projected Revenue Gains and (Losses) of LB 775, LB 829 as amended, and Invest Nebraska Act for Tax Years 1987-2007 Projects by Fiscal Years⁽²⁾

The estimates are based on a sample of 100 agreements and actual results of 531 projects, including 145 completed projects from 1987 through 2007. Employment and investment flows are projected at rates indicated by the corresponding company's applications. There were still three pending applications as of December 31, 2007 and it is anticipated that they will result in signed agreements.

All other pertinent information as provided in the applications, such as salary levels and investment composition (not all property is treated equally in regards to tax preferences) are taken into consideration.

The classification of jobs into new economic jobs or existing jobs (jobs that would have been created regardless of the existence of the Employment and Investment Growth Act) is based on the company provided description of the project. The model estimates that 30 percent of the jobs created are true new economic jobs.

The credits used estimate is based on the assumption of maximized use for each year either against corporate income tax, individual income tax and/or sales and use tax.

The time series analysis from 1987 to 2007 indicates that the usage of credits used against sales and use taxes paid averages 50 percent of credits used. This usage factor was used for the future allocation of credits used. The liability analysis of the calendar year simulation model is converted into a fiscal year cash flow model.

The estimated profitability (individual and corporate income tax liability available for credit set-off) is based on the historical profitability of the respective companies.

AVERAGE PER PROJECT⁽²⁾				
Year	# of Agreements Signed	\$ Million of Investment	Number of Employees	Salary Level
2008	2	12.0	80	*

⁽¹⁾ A detailed description of the model is available upon request.

(Methodology and Assumptions for LB 775 Benefit and Cost Estimate; Nebraska Department of Revenue, Finance and Research Division, August 1996.)

⁽²⁾ The investment and employment levels represent the entire investment and employment associated with the project through the entitlement period (employment levels represent the employees qualifying for credits).

* Suppressed to avoid disclosure of confidential information

**PROJECTED REVENUE GAINS OR (LOSSES) OF LB 775, LB 829 AS AMENDED, AND LB 620
FOR TAX YEARS 1987-2022 BY FISCAL YEAR**

Fiscal Year		07/08	08/09	09/10	10/11	11/12	12/13
SUMMARY	Expansion: Sales and Use	86,109,829	84,726,688	78,856,481	78,918,439	75,518,712	70,825,812
	Corporate	10,188,775	9,353,461	9,080,275	8,601,809	8,514,183	8,108,149
	Individual	38,519,442	37,632,060	35,174,702	35,008,099	33,613,158	31,573,584
	Sales and Use Tax Refunds TPP	39,790,789	38,184,603	35,208,714	31,311,434	26,420,872	20,321,688
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	103,282,840	104,575,022	103,337,954	98,926,052	92,157,617	83,189,773
	Corp. or Individ. & Wage Benefit Credit	54,739,905	55,424,762	59,936,013	57,377,110	50,686,689	45,754,375
	Sales and Use	48,542,935	49,150,260	43,401,941	41,548,942	41,470,928	37,435,398
	Credits Expired	6,837,679	6,648,908	5,593,660	5,630,916	6,173,062	6,629,158
	Gain or (Loss)	(8,255,583)	(11,047,416)	(15,435,209)	(7,709,140)	(932,436)	6,996,085
	Cumulative	(350,109,469)	(361,156,884)	(376,592,094)	(384,301,234)	(385,233,669)	(378,237,585)
	Sales Tax Refunds (TPP+Credits Used)	88,333,723	87,334,863	78,610,654	72,860,376	67,891,800	57,757,085
	Fiscal Year		13/14	14/15	15/16	16/17	17/18
SUMMARY	Expansion: Sales and Use	67,467,103	63,718,201	55,173,857	55,261,672	51,112,264	47,202,965
	Corporate	7,632,716	7,255,775	6,716,170	6,019,677	5,913,726	5,467,737
	Individual	30,039,927	28,389,590	24,756,011	24,512,540	22,810,396	21,068,281
	Sales and Use Tax Refunds TPP	14,316,702	9,815,548	6,504,697	3,899,483	2,055,510	1,021,159
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	72,376,126	61,405,314	51,068,501	42,059,107	34,502,905	28,201,921
	Corp. or Individ. & Wage Benefit Credit	39,806,869	35,615,082	29,619,730	24,394,282	20,011,685	16,357,114
	Sales and Use	32,569,257	25,790,232	21,448,770	17,664,825	14,491,220	11,844,807
	Credits Expired	6,799,085	6,653,629	6,372,728	7,001,580	9,622,598	11,539,636
	Gain or (Loss)	18,446,918	28,142,704	29,072,840	39,835,299	43,277,972	44,515,903
	Cumulative	(359,790,667)	(331,647,963)	(302,575,123)	(262,739,824)	(219,461,852)	(174,945,949)
	Sales Tax Refunds (TPP+Credits Used)	46,885,959	35,605,780	27,953,468	21,564,308	16,546,730	12,865,966
	Fiscal Year		19/20	20/21	21/22		
SUMMARY	Expansion: Sales and Use	43,422,474	40,057,545	32,382,927			
	Corporate	5,044,899	4,643,927	4,159,443			
	Individual	19,386,949	17,880,589	14,616,948			
	Sales and Use Tax Refunds TPP	558,457	320,292	163,034			
	Sales Only Formula	0	0	0			
	Credits and Wage Benefit Credit Used	23,455,829	18,787,205	11,964,284			
	Corp. or Individ. & Wage Benefit Credit	13,604,381	10,896,579	6,939,285			
	Sales and Use	9,851,448	7,890,626	5,024,999			
	Credits Expired	12,054,026	12,454,119	12,496,008			
	Gain or (Loss)	43,840,036	43,474,564	39,032,000			
Cumulative	(131,105,913)	(87,631,349)	(48,599,349)				
Sales Tax Refunds (TPP+Credits Used)	10,409,906	8,210,918	5,188,033				

NOTE: Rounding differences may cause slight variations.