

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*

The estimates are based on a sample of 100 agreements and actual results of 387 qualified projects, including 142 completed projects, from 1987 through 2006. Employment and investment flows are projected at rates indicated by the corresponding companies' applications. The analysis time frame considers future agreements signed through the year 2007 with a 95 percent success rate. There are still 88 pending applications as of 12/31/2006 and it is estimated that approximately 53 of these 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 regard to tax preferences), is 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, on average, 30 percent of the jobs created are true new economic jobs.

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

The time series analysis from 1987 to 2006 indicates that the usage of credits against sales and use taxes paid averages 50.0 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**			
Year	# of Agreements Signed	\$ Million of Investment	Number of Employees	Salary Level
2007	53	27.0	87	39,067

* 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.)

**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).

**PROJECTED REVENUE GAINS OR (LOSSES) OF LB 775, LB 829 AS AMENDED, AND LB 620
FOR TAX YEARS 1987-2007 BY FISCAL YEAR**

Fiscal Year		06/07	07/08	08/09	09/10	10/11	11/12
SUMMARY	Expansion: Sales and Use	95,223,171	85,536,855	84,162,917	78,331,770	78,393,316	75,016,211
	Corporate	9,792,234	10,120,979	9,291,223	9,019,855	8,544,572	8,457,530
	Individual	42,006,162	38,263,134	37,381,656	34,940,650	34,775,155	33,389,496
	Sales and Use Tax Refunds TPP	39,422,247	39,790,789	38,184,603	35,208,714	31,311,434	26,420,872
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	101,689,202	104,532,229	105,840,042	104,588,010	100,122,738	93,272,427
	Corp. or Individ. & Wage Benefit Credit	53,895,277	55,402,081	56,095,222	60,661,046	58,071,188	51,299,835
	Sales and Use	47,793,925	49,130,148	49,744,820	43,926,964	42,051,550	41,972,592
	Credits Expired	7,627,279	6,792,181	6,604,666	5,556,440	5,593,448	6,131,986
	Gain or (Loss)	5,910,118	(10,402,050)	(13,188,848)	(17,504,448)	(9,721,129)	(2,830,062)
	Cumulative	(366,975,442)	(377,377,493)	(390,566,341)	(408,070,789)	(417,791,917)	(420,621,979)
	Sales Tax Refunds (TPP+Credits Used)	87,216,172	88,920,936	87,929,423	79,135,678	73,362,984	68,393,464
Fiscal Year		12/13	13/14	14/15	15/16	16/17	17/18
SUMMARY	Expansion: Sales and Use	70,354,538	67,018,177	63,294,220	54,806,731	54,893,961	50,772,164
	Corporate	8,054,197	7,581,928	7,207,495	6,671,481	5,979,622	5,874,376
	Individual	31,363,494	29,840,042	28,200,686	24,591,285	24,349,433	22,658,616
	Sales and Use Tax Refunds TPP	20,321,688	14,316,702	9,815,548	6,504,697	3,899,483	2,055,510
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	84,196,101	73,251,644	62,148,120	51,686,265	42,567,887	34,920,278
	Corp. or Individ. & Wage Benefit Credit	46,307,856	40,288,404	36,045,910	29,978,034	24,689,374	20,253,761
	Sales and Use	37,888,245	32,963,240	26,102,210	21,708,231	17,878,512	14,666,517
	Credits Expired	6,585,047	6,753,844	6,609,356	6,330,323	6,954,992	9,558,569
	Gain or (Loss)	5,254,440	16,871,801	26,738,734	27,878,534	38,755,647	42,329,367
	Cumulative	(415,367,539)	(398,495,738)	(371,757,004)	(343,878,470)	(305,122,823)	(262,793,456)
	Sales Tax Refunds (TPP+Credits Used)	58,209,933	47,279,942	35,917,759	28,212,929	21,777,995	16,722,027
Fiscal Year		18/19	19/20	20/21	21/22		
SUMMARY	Expansion: Sales and Use	46,888,877	43,133,541	39,791,002	32,167,451		
	Corporate	5,431,354	5,011,330	4,613,027	4,131,766		
	Individual	20,928,093	19,257,949	17,761,612	14,519,687		
	Sales and Use Tax Refunds TPP	1,021,159	558,457	320,292	163,034		
	Sales Only Formula	0	0	0	0		
	Credits and Wage Benefit Credit Used	28,543,074	23,739,569	19,014,469	12,109,013		
	Corp. or Individ. & Wage Benefit Credit	16,554,983	13,768,950	11,028,392	7,023,228		
	Sales and Use	11,988,091	9,970,619	7,986,077	5,085,785		
	Credits Expired	11,462,851	11,973,819	12,371,250	12,412,860		
	Gain or (Loss)	43,684,092	43,104,794	42,830,879	38,546,857		
	Cumulative	(219,109,364)	(176,004,570)	(133,173,691)	(94,626,834)		
	Sales Tax Refunds (TPP+Credits Used)	13,009,249	10,529,076	8,306,370	5,248,819		

NOTE: Rounding differences may cause slight variations.