

Projected Revenue Gains and (Losses) of LB 775, LB 829 as amended, and Invest Nebraska Act, for Tax Years 1987-2008 and Projects by Fiscal Years⁽¹⁾

The estimates are based on a sample of 100 agreements and actual results of 529 qualified projects, including 159 completed projects from 1987 through 2008. Employment and investment flows are projected at rates indicated by the corresponding company's agreements. There are still two pending applications as of December 31, 2008, and it is estimated 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 regard 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 tax incentive programs) 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 tax 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 2008 indicates that the usage of credits against sales and use taxes paid varies with the business cycle. For 2008 through 2010, a usage of 52 percent is estimated. For 2011 and thereafter, the usage of tax credits against sales and use tax is estimated to return to the historical average of 45 percent. 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 tax credit off-set) 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
2009	2	\$20.5	200	*

⁽¹⁾ The investment and employment levels represent the entire investment and employment associated with the project through the entitlement period (employment level represents the employees qualifying for credits).

⁽²⁾ 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).

* Suppressed to avoid disclosure of confidential information

Table 15. Projected Revenue Gains or (Losses) of LB 775, LB 829 as Amended, and LB 620 For Tax Years 2008-2022, by Fiscal Year

Fiscal Year		FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14
SUMMARY	Expansion: Sales and Use	84,726,688	78,856,481	78,918,439	75,518,712	70,825,812	67,467,103
	Corporate	9,353,461	9,080,275	8,601,809	8,514,183	8,108,149	7,632,716
	Individual	37,632,060	35,174,702	35,008,099	33,613,158	31,573,584	30,039,927
	Sales and Use Tax Refunds on Qualified Property	35,074,734	52,447,585	29,268,471	27,451,931	21,114,729	14,875,403
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	92,492,427	96,088,397	98,926,052	92,157,617	83,189,773	72,376,126
	Corp. or Individ. & Wage Benefit Credit	49,020,986	46,122,431	51,441,547	50,686,689	45,754,375	39,806,869
	Sales and Use Tax Refunds	43,471,441	49,965,966	47,484,505	41,470,928	37,435,398	32,569,257
	Tax Credits Expired	6,648,908	5,593,660	5,630,916	6,173,062	6,629,158	6,799,085
	Gain or (Loss)	4,145,048	(25,424,524)	(5,666,176)	(1,963,494)	6,203,043	17,888,217
	Cumulative	(365,630,042)	(391,054,565)	(396,720,742)	(398,684,236)	(392,481,193)	(374,592,976)
	Total Sales and Use Tax Refunds	78,546,174	102,413,552	76,752,976	68,922,858	58,550,127	47,444,660
Fiscal Year		FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
SUMMARY	Expansion: Sales and Use	63,718,201	55,173,857	55,261,672	51,112,264	47,202,965	43,422,474
	Corporate	7,255,775	6,716,170	6,019,677	5,913,726	5,467,737	5,044,899
	Individual	28,389,590	24,756,011	24,512,540	22,810,396	21,068,281	19,386,949
	Sales and Use Tax Refunds on Qualified Property	10,198,594	6,758,539	4,051,658	2,135,725	1,061,009	580,251
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	61,405,314	51,068,501	42,059,107	34,502,905	28,201,921	23,455,829
	Corp. or Individ. & Wage Benefit Credit	35,615,082	29,619,730	24,394,282	20,011,685	16,357,114	13,604,381
	Sales and Use Tax Refunds	25,790,232	21,448,770	17,664,825	14,491,220	11,844,807	9,851,448
	Tax Credits Expired	6,653,629	6,372,728	7,001,580	9,622,598	11,539,636	12,054,026
	Gain or (Loss)	27,759,659	28,818,998	39,683,124	43,197,757	44,476,053	43,818,243
	Cumulative	(346,833,317)	(318,014,319)	(278,331,195)	(235,133,439)	(190,657,386)	(146,839,143)
	Total Sales and Use Tax Refunds	35,988,826	28,207,310	21,716,483	16,626,945	12,905,816	10,431,699
Fiscal Year		FY 20/21	FY 21/22				
SUMMARY	Expansion: Sales and Use	40,057,545	32,382,927				
	Corporate	4,643,927	4,159,443				
	Individual	17,880,589	14,616,948				
	Sales and Use Tax Refunds on Qualified Property	332,792	169,396				
	Sales Only Formula	0	0				
	Credits and Wage Benefit Credit Used	18,787,205	11,964,284				
	Corp. or Individ. & Wage Benefit Credit	10,896,579	6,939,285				
	Sales and Use Tax Refunds	7,890,626	5,024,999				
	Tax Credits Expired	12,454,119	12,496,008				
	Gain or (Loss)	43,462,065	39,025,637				
	Cumulative	(103,377,078)	(64,351,441)				
	Total Sales and Use Tax Refunds	8,223,418	5,194,395				

NOTE: Rounding differences may cause slight variations.