

Projected Revenue Gains and (Losses) of LB 775 and LB 829 as amended for Tax Years 1987-2013 Projects by Fiscal Years**

The estimates are based on a sample of 100 agreements signed and actual results of 246 projects from 1987 through 1998. 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 2013 with a 95 percent success rate.

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 30 percent of the jobs created are true new economic jobs.

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 1998 indicates that the usage of credits against sales and use taxes paid averages 45 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.

The following is an estimate of new projects for the years 1999 through 2013.

Year	# of Agreements Signed	AVERAGE PER PROJECT*		
		\$ Million of Investment	Number of Employees	Salary Level
1999	29	57.8	204	23,072
2000	28	29.9	142	26,424
2001	25	53.9	126	24,240
2002	25	68.2	291	27,762
2003	20	28.1	299	25,468
2004	18	27.3	235	29,167
2005	17	50.9	204	26,757
2006	30	53.9	142	30,644
2007	20	49.5	126	28,111
2008	25	58.5	127	32,195
2009	40	50.1	291	29,535
2010	32	43.3	235	33,000
2011	28	37.2	135	33,825
2012	22	26.5	105	34,671
2013	20	33.6	76	35,537

*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). For the years 1997 through 2013 one (20,0) project every third year is assumed.

** 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.)

**PROJECTED REVENUE GAINS OR (LOSSES) OF LB 775 AND LB 829 AS AMENDED
FOR TAX YEARS 1987-2013 BY FISCAL YEAR**

	98/99	99/00	00/01	01/02	02/03	03/04
SUMMARY Expansion: Sales and Use	57,053,505	61,686,965	65,844,258	69,981,739	73,655,078	77,137,901
Corporate	5,838,583	6,348,610	6,840,954	7,293,810	7,732,391	8,127,812
Individual	25,156,835	27,214,230	29,074,085	30,910,220	32,554,987	34,106,285
Sales and Use Tax Refunds TPP	31,998,661	32,626,535	32,842,175	32,512,653	32,131,609	31,159,757
Sales Only Formula	0	0	0	0	0	0
Credits and Wage Benefit Credit Used	85,322,513	88,929,153	91,676,709	93,536,600	94,663,785	94,003,045
Corp. or Individ. & Wage Benefit Credit	45,220,932	47,132,451	48,588,656	49,574,398	50,171,806	54,521,766
Sales and Use	40,101,581	41,796,702	43,088,053	43,962,202	44,491,979	39,481,279
Gain or (Loss)	(29,272,251)	(26,305,883)	(22,759,587)	(17,863,484)	(12,852,938)	(5,790,804)
Cumulative	(370,012,507)	(396,318,390)	(419,077,977)	(436,941,461)	(449,794,399)	(455,585,203)
Sales Tax Refunds (TPP+Credits Used)	72,100,242	74,423,237	75,930,228	76,474,855	76,623,588	70,641,036
	04/05	05/06	06/07	07/08	08/09	09/10
SUMMARY Expansion: Sales and Use	80,056,831	82,552,709	85,453,728	74,445,300	78,148,899	76,668,810
Corporate	8,492,275	8,799,081	9,082,328	9,019,472	8,220,013	8,482,596
Individual	35,419,643	36,540,716	37,814,423	33,385,909	34,547,565	34,060,562
Sales and Use Tax Refunds TPP	29,460,667	27,489,201	26,221,230	26,034,269	26,343,000	27,422,383
Sales Only Formula	0	0	0	0	0	0
Credits and Wage Benefit Credit Used	92,325,053	90,300,200	87,653,357	85,329,050	83,831,185	83,638,417
Corp. or Individ. & Wage Benefit Credit	53,548,531	52,374,116	50,838,947	49,490,849	48,622,087	48,510,282
Sales and Use	38,776,522	37,926,084	36,814,410	35,838,201	35,209,098	35,128,135
Gain or (Loss)	2,183,029	10,103,105	18,475,892	5,487,362	10,742,292	8,151,168
Cumulative	(453,402,174)	(443,299,069)	(424,823,177)	(419,335,815)	(408,593,523)	(400,442,355)
Sales Tax Refunds (TPP+Credits Used)	68,237,189	65,415,284	63,035,640	61,872,471	61,552,097	62,550,518
	10/11	11/12	12/13	13/14	14/15	15/16
SUMMARY Expansion: Sales and Use	73,619,762	76,069,049	75,178,153	77,647,424	76,136,727	70,614,924
Corporate	8,278,399	8,095,781	8,271,831	8,266,285	8,427,070	8,152,950
Individual	32,759,264	33,665,932	33,379,994	34,365,483	33,825,519	31,507,149
Sales and Use Tax Refunds TPP	29,638,041	31,502,566	32,638,838	33,560,363	31,159,791	26,351,156
Sales Only Formula	0	0	0	0	0	0
Credits and Wage Benefit Credit Used	84,902,084	86,495,482	88,668,900	91,103,251	90,144,064	87,553,416
Corp. or Individ. & Wage Benefit Credit	49,243,209	47,572,515	48,767,895	50,106,788	52,283,557	50,780,981
Sales and Use	35,658,875	38,922,967	39,901,005	40,996,463	37,860,507	36,772,435
Gain or (Loss)	117,300	(167,286)	(4,477,760)	(4,384,422)	(2,914,539)	(3,629,549)
Cumulative	(400,325,055)	(400,492,341)	(404,970,101)	(409,354,523)	(412,269,062)	(415,898,611)
Sales Tax Refunds (TPP+Credits Used)	65,296,916	70,425,533	72,539,843	74,556,826	69,020,297	63,123,591

NOTE: Rounding differences may cause slight variations.