## **Revenue Impact of Recent Tax Cut Legislation**

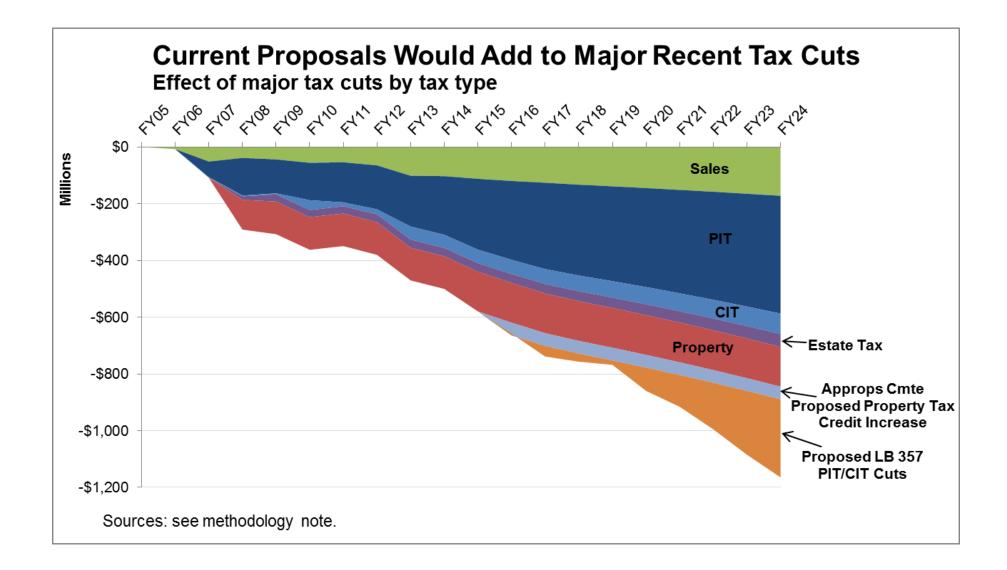
Tax reductions have been common in the last decade, and the majority of major tax cut legislation has focused on income taxes. The value of major tax cut packages enacted in 2005-2014 is projected to exceed \$800 million per year by Fiscal Year 2023-2024 (FY24). Income tax changes proposed in LB 357, along with the increase in the Property Tax Credit Program in the Appropriations Committee's preliminary budget, would bring that total over \$1 billion.

		Major Tax (	Cuts Enac	Committee Preliminary Budget					
	Sales Tax Total	Personal Income Tax (PIT) Total	Corporate Income Tax (CIT) Total	Estate Tax Total	Property Tax Total	Total	Proposed PIT and CIT Rate Changes (LB 357)		Grand Total
FY05	0	0	0	0	0	0	0	0	0
FY06	(7,638,000)	0	0	0	0	(7,638,000)	0	0	0
FY07	(51,403,000)	(54,954,000)	(2,359,000)	0	0	(108,716,000)	0	0	0
FY08	(38,665,009)	(132,465,513)	(2,741,000)	(12,443,000)	(105,000,000)	(291,314,522)	0	0	0
FY09	(43,841,065)	(119,495,313)	(4,041,000)	(25,030,000)	(115,000,000)	(307,407,378)	0	0	0
FY10	(56,079,309)	(131,558,773)	(34,574,142)	(25,171,000)	(115,000,000)	(362,383,224)	0	0	0
FY11	(54,176,667)	(141,099,287)	(13,586,024)	(25,573,000)	(115,000,000)	(349,434,978)	0	0	0
FY12	(64,980,848)	(154,821,075)	(17,955,442)	(27,545,894)	(115,000,000)	(380,303,259)	0	0	0
FY13	(101,649,634)	(178,798,454)	(45,930,189)	(28,967,418)	(115,000,000)	(470,345,695)	0	0	0
FY14	(102,888,822)	(206,725,290)	(46,490,114)	(29,320,553)	(115,000,000)	(500,424,780)	0	0	0
FY15	(112,397,109)	(249,437,530)	(47,732,374)	(30,104,026)	(140,000,000)	(579,671,039)	0	0	0
FY16	(119,872,350)	(277,850,568)	(49,970,938)	(31,515,852)	(140,000,000)	(619,209,707)	6,282,000	(45,000,000)	(657,927,707)
FY17	(126,218,778)	(304,133,899)	(52,732,827)	(33,257,730)	(140,000,000)	(656,343,233)	(37,288,000)	(45,000,000)	(738,631,233)
FY18	(132,865,645)	(320,150,040)	(55,509,815)	(35,009,131)	(140,000,000)	(683,534,631)	(28,302,000)	(45,000,000)	(756,836,631)
FY19	(138,744,657)	(334,315,974)	(57,966,002)	(36,558,208)	(140,000,000)	(707,584,840)	(15,420,000)	(45,000,000)	(768,004,840)
FY20	(144,883,802)	(349,108,718)	(60,530,870)	(38,175,828)	(140,000,000)	(732,699,218)	(81,955,000)	(45,000,000)	(859,654,218)
FY21	(151,294,591)	(364,556,009)	(63,209,227)	(39,865,024)	(140,000,000)	(758,924,851)	(111,881,000)	(45,000,000)	(915,805,851)
FY22	(157,989,043)	(380,686,809)	(66,006,096)	(41,628,963)	(140,000,000)	(786,310,911)	(164,038,000)	(45,000,000)	(995,348,911)
FY23	(164,979,709)	(397,531,360)	(68,926,721)	(43,470,953)	(140,000,000)	(814,908,744)	(224,966,000)	(45,000,000)	(1,084,874,744)
FY24	(172,279,698)	(415,121,246)	(71,976,576)	(45,394,447)	(140,000,000)	(844,771,967)	(274,882,000)	(45,000,000)	(1,164,653,967)

## Major Tax Cuts Enacted 2005-2014 by Tax

\* Since the Appropriations Committee included increased funding to the Property Tax Credit Program in their preliminary budget, the impact of the \$40M annual transfer from the Cash Reserve to the Property Tax Credit Program in LB 357 was not included in this analysis.

LB 357 & Appropriations



## Major Tax Cuts Enacted 2005-2014 by Bill

	Nebraska Advantage Act (LB 312, 2005)	PIT Bracket and Sales Tax Changes (LB 968, 2006)	Property Tax Credit Created, Estate Tax Repeal, PIT and Sales Tax Changes (LB 367, 2007)	CIT Bracket Changes (LB 888, 2008)	PIT Bracket and Rate Changes (LB 970, 2012)	Alternative Minimum Tax Elimination (LB 308, 2013)	Ag Machinery and Repair Parts Exemption (LB 96, 2014)	PIT Bracket Indexing and Social Security Exemption (LB 987, 2014)	Property Tax Credit Increase (LB 905, 2014)	Total		
FY05	0	0	0	0	0	0	0	0	0	0		
FY06	(7,638,000)	0	0	0	0	0	0	0	0	(7,638,000)		
FY07	(24,317,000)	(84,399,000)	0	0	0	0	0	0	0	(108,716,000)		
FY08	(3,880,522)	(78,503,000)	(208,931,000)	0	0	0	0	0	0	(291,314,522)		
FY09	(4,572,378)	(83,700,000)	(218,625,000)	(510,000)	0	0	0	0	0	(307,407,378)		
FY10	(53,960,688)	(83,534,536)	(223,132,000)	(1,756,000)	0	0	0	0	0	(362,383,224)		
FY11	(29,518,865)	(89,303,613)	(227,966,500)	(2,646,000)	0	0	0	0	0	(349,434,978)		
FY12	(44,578,374)	(96,193,166)	(236,681,586)	(2,850,132)	0	0	0	0	0	(380,303,259)		
FY13	(115,367,157)	(101,157,278)	(242,961,045)	(2,997,215)	(7,863,000)	0	0	0	0	(470,345,695)		
FY14	(116,773,573)	(102,390,464)	(244,520,990)	(3,033,754)	(33,706,000)	0	0	0	0	(500,424,780)		
FY15	(119,893,873)	(105,126,434)	(247,981,913)	(3,114,818)	(55,608,000)	(7,840,000)	(6,759,000)	(8,347,000)	(25,000,000)	(579,671,039)		
FY16	(125,516,684)	(110,056,678)	(254,218,530)	(3,260,898)	(58,215,917)	(8,075,000)	(9,280,000)	(25,586,000)	(25,000,000)	(619,209,707)		
FY17	(132,453,978)	(116,139,499)	(261,913,124)	(3,441,127)	(61,433,505)	(8,317,000)	(9,514,000)	(38,131,000)	(25,000,000)	(656,343,233)		
FY18	(139,429,200)	(122,255,577)	(269,649,786)	(3,622,342)	(64,668,684)	(8,754,986)	(10,015,021)	(40,139,035)	(25,000,000)	(683,534,631)		
FY19	(145,598,635)	(127,665,117)	(276,492,698)	(3,782,623)	(67,530,131)	(9,142,374)	(10,458,164)	(41,915,099)	(25,000,000)	(707,584,840)		
FY20	(152,041,053)	(133,314,017)	(283,638,394)	(3,949,996)	(70,518,190)	(9,546,904)	(10,920,915)	(43,769,749)	(25,000,000)	(732,699,218)		
FY21	(158,768,535)	(139,212,868)	(291,100,271)	(4,124,774)	(73,638,464)	(9,969,334)	(11,404,141)	(45,706,464)	(25,000,000)	(758,924,851)		
FY22	(165,793,692)	(145,372,730)	(298,892,320)	(4,307,286)	(76,896,804)	(10,410,455)	(11,908,749)	(47,728,874)	(25,000,000)	(786,310,911)		
FY23	(173,129,698)	(151,805,153)	(307,029,149)	(4,497,874)	(80,299,318)	(10,871,094)	(12,435,685)	(49,840,772)	(25,000,000)	(814,908,744)		
FY24	(180,790,305)	(158,522,196)	(315,526,016)	(4,696,895)	(83,852,386)	(11,352,116)	(12,985,937)	(52,046,116)	(25,000,000)	(844,771,967)		

**Methodology:** Nebraska Legislative Fiscal Office estimates were used for the years appearing on the fiscal notes for the bills included. For the Nebraska Advantage Act, actual totals from Nebraska Department of Revenue Tax Incentives Reports were used through FY13. For years not included in these official estimates, property tax credit amounts were kept constant and other bills were projected forward based on projected growth in Nebraska Personal Income as reported to the Nebraska Economic Forecasting Advisory Board through FY18, and then using the historical average growth rate to project through FY24.

**Sources:** Nebraska Legislative Fiscal Office budget reports and fiscal notes, Nebraska Department of Revenue Tax Incentives Reports, and US Bureau of Economic Analysis Personal Income data.