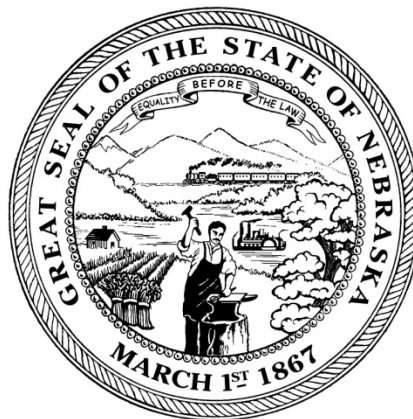


State of Nebraska

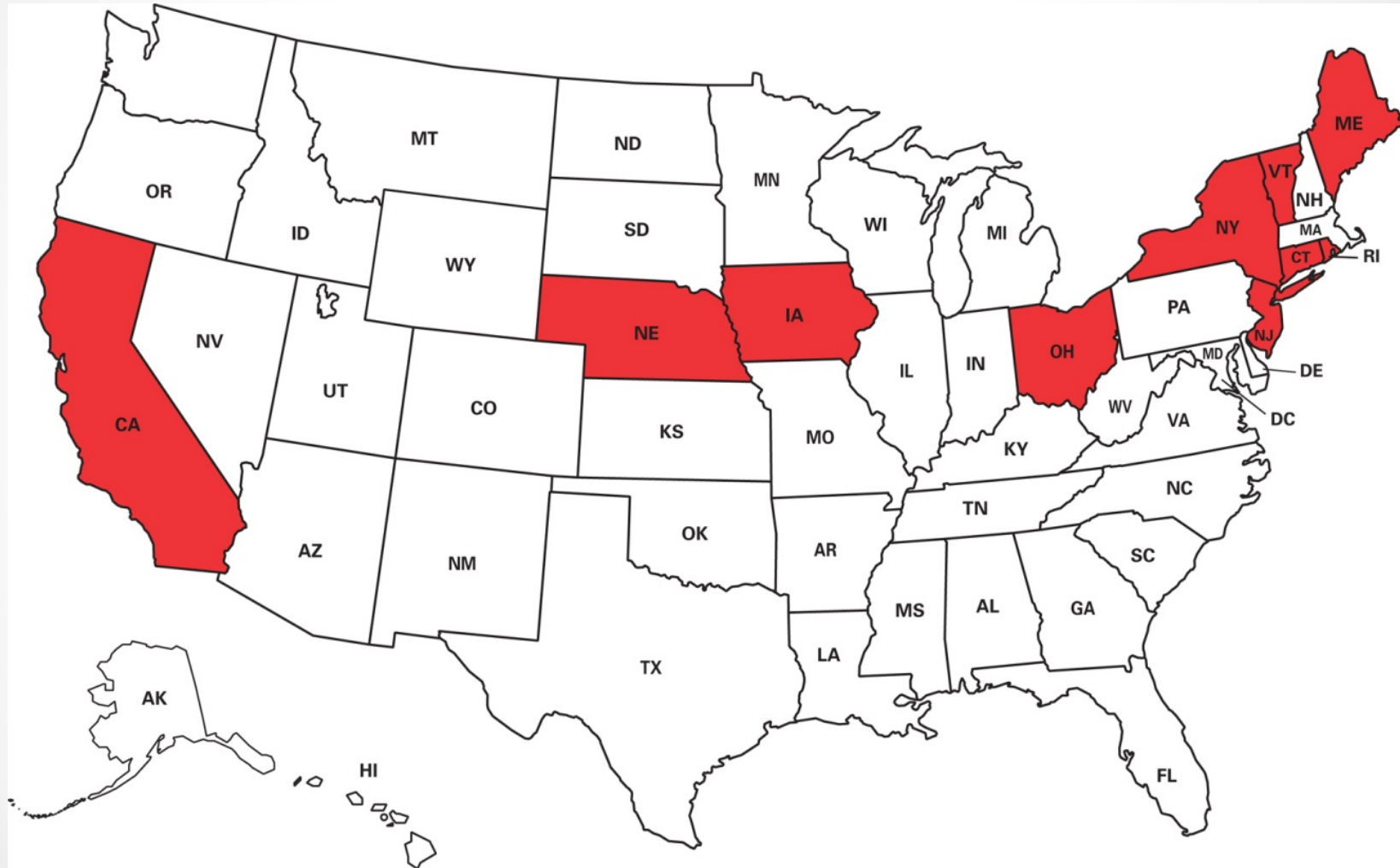
**Tax Relief for Hard-Working,
Middle Class Nebraska
Taxpayers**



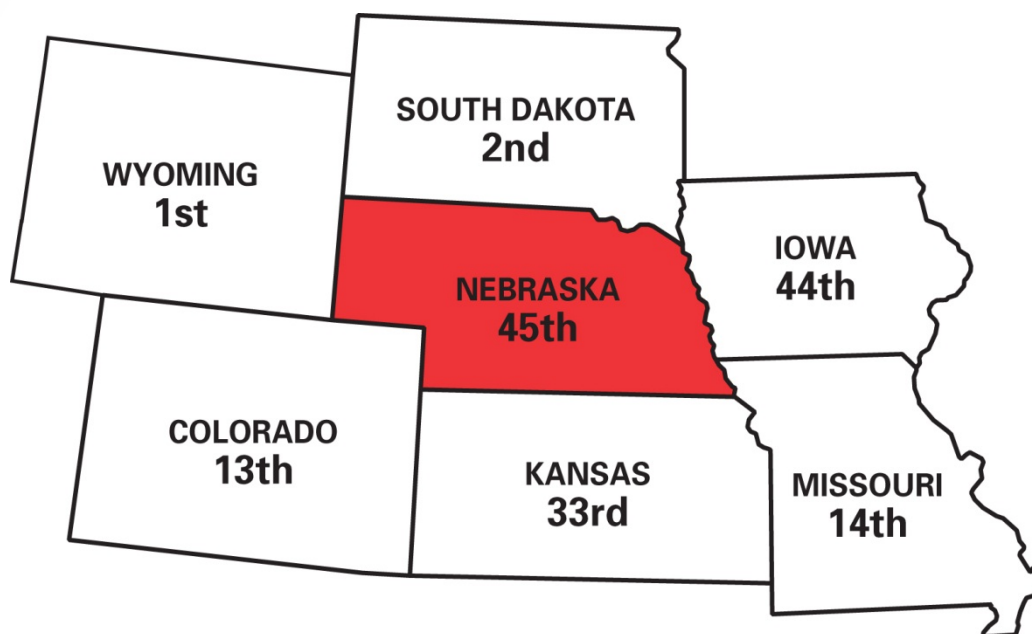
Dave Heineman
Governor

January 12, 2012

In 2006, Nebraska was one of the top ten *highest taxed states* in the nation



In 2006, Nebraska was a high tax state...



...at a competitive disadvantage with our neighboring states for jobs

Our goal was to...
change Nebraska's
economic climate

by making Nebraska a...
business & job friendly
state.

In 2007, we enacted the largest tax relief package in Nebraska's history –

- *lowering income taxes

- *repealing the estate tax

- *eliminating the marriage penalty

- *repealing the sales tax on construction labor

Nebraska became more business & job friendly by...

- ✓ lowering taxes
- ✓ modernizing our economic incentive programs
(The Nebraska Advantage)
- ✓ controlling state spending
- ✓ balancing the state budget without raising taxes

- Forbes ranks Nebraska as the 8th *Best State for Business and Careers.*
- MSN Careers ranks Nebraska 3rd *Best State for Job Seekers.*
- Nebraska has the 2nd Lowest Unemployment Rate in America at 4.1%.

Nebraska's Tax Foundation
ranking improved
from
45th in 2006
to
29th in 2011

Nebraska has made significant progress,
but we have more work to do.

Tax Foundation Rankings

Nebraska & Neighboring States

	<u>2006</u>	<u>2011</u>
Nebraska	45	29
Iowa	44	45
Kansas	33	35
Missouri	14	16
Colorado	13	15
Wyoming	1	3
South Dakota	2	1

Tax Foundation Rankings States with Most Progress

	<u>2006</u>	<u>2011</u>	<u>Change</u>
Kentucky	38	19	+19
Nebraska	45	29	+16
Idaho	30	18	+12
Maine	43	31	+12
Michigan	28	17	+11
North Dakota	31	20	+11

Middle Class Tax Relief

- ✓ Individual Income Tax Relief -
Lowering rates & expanding brackets
- ✓ Help Small Businesses Grow -
Lowering top corporate tax rate to the
same rate as top individual rate
- ✓ Repeal Inheritance Tax

Nebraska's income tax system
is unfair to middle class families.

If your adjusted gross income is
more than \$54,000
you pay at the same marginal rate as
Warren Buffett.

CURRENT

Individual Income Tax Rates and Brackets

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 - 4,800	\$0 - 4,500	\$0 - 2,400	2.56%
2	\$4,800 - 35,000	\$4,500 - 28,000	\$2,400 - 17,500	3.57%
3	\$35,000 - 54,000	\$28,000 - 40,000	\$17,500 - 27,000	5.12%
4	Over \$54,000	Over \$40,000	Over \$27,000	6.84%

PROPOSED

Individual Income Tax Rates and Brackets

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 - 6,000	\$0 - 5,600	\$0 - 3,000	2.42%
2	\$6,000 - 36,500	\$5,600 - 29,200	\$3,000 - 18,250	3.40%
3	\$36,500 - 60,000	\$29,200 - 44,500	\$18,250 - 30,000	4.90%
4	Over \$60,000	Over \$44,500	Over \$30,000	6.70% ¹³

Tax Changes for Married, Filing Jointly

Bracket 1 - Expand from *\$0-4,800* to *\$0-6,000*
Lower rate from 2.56% to **2.42%**

Bracket 2 - Expand from *\$4,800-35,000* to *\$6,000-36,500*
Lower rate from 3.57% to **3.40%**

Bracket 3 - Expand from *\$35,000-54,000* to *\$36,500-60,000*
Lower rate from 5.12% to **4.90%**

Bracket 4 - Expand from *over \$54,000* to *over \$60,000*
Lower rate from 6.84% to **6.70%**

Tax Relief Examples at Various AGI Levels –
Married, Filing Jointly and Two Children

Federal AGI	Current Tax Liability	Proposed Tax Liability	Change in Liability	Percent Change
\$30,000	\$142	\$100	(\$42)	-29.58%
\$40,000	\$473	\$416	(\$57)	-12.05%
\$50,000	\$913	\$813	(\$100)	-10.95%
\$75,000	\$2,343	\$2,088	(\$255)	-10.88%
\$100,000	\$4,038	\$3,748	(\$290)	-7.18%
\$150,000	\$7,453	\$7,093	(\$360)	-4.83%
\$250,000	\$13,526	\$13,061	(\$465)	-3.44%
\$1,000,000	\$57,160	\$55,980	(\$1,180)	-2.06%

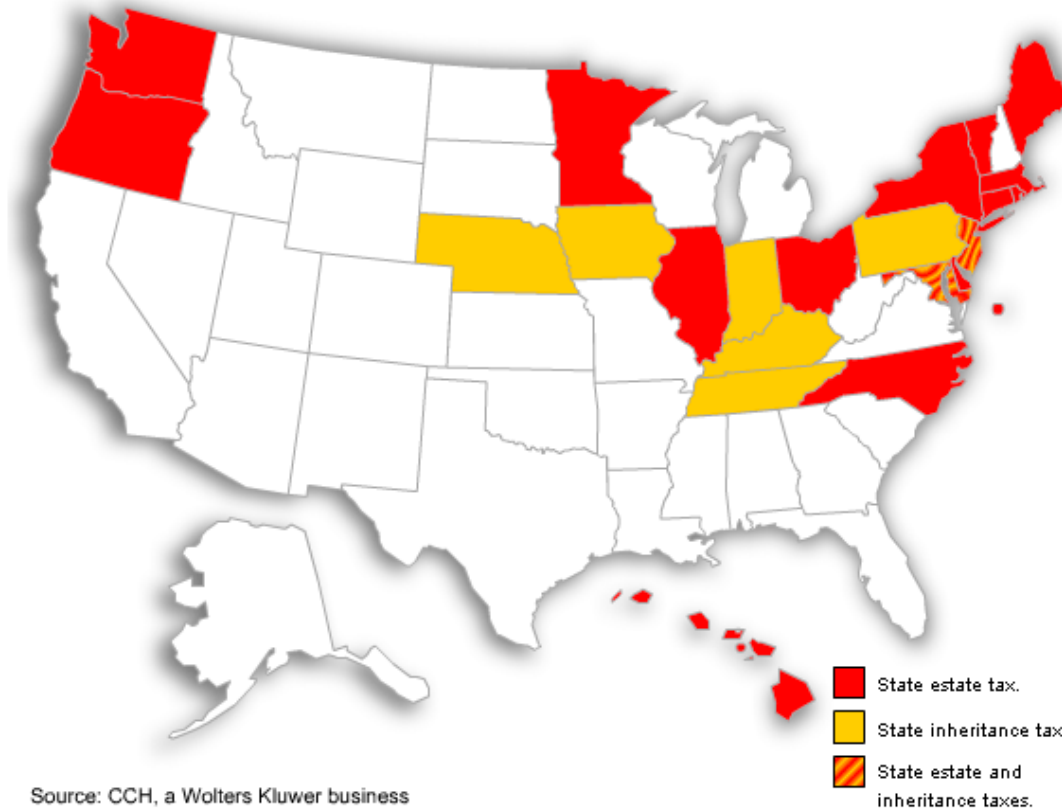
**Tax Relief Examples at Various AGI Levels –
Head of Household and Two Children**

Federal AGI	Current Tax Liability	Proposed Tax Liability	Change in Liability	Percent Change
\$30,000	\$371	\$325	(\$46)	-12.40%
\$40,000	\$786	\$703	(\$83)	-10.56%
\$50,000	\$1,302	\$1,176	(\$126)	-9.68%
\$75,000	\$3,093	\$2,872	(\$221)	-7.15%
\$100,000	\$4,767	\$4,512	(\$255)	-5.35%
\$150,000	\$8,035	\$7,713	(\$322)	-4.01%
\$250,000	\$15,197	\$14,747	(\$450)	-2.96%
\$1,000,000	\$65,603	\$64,253	(\$1,350)	-2.06%

Corporate Income Tax Relief

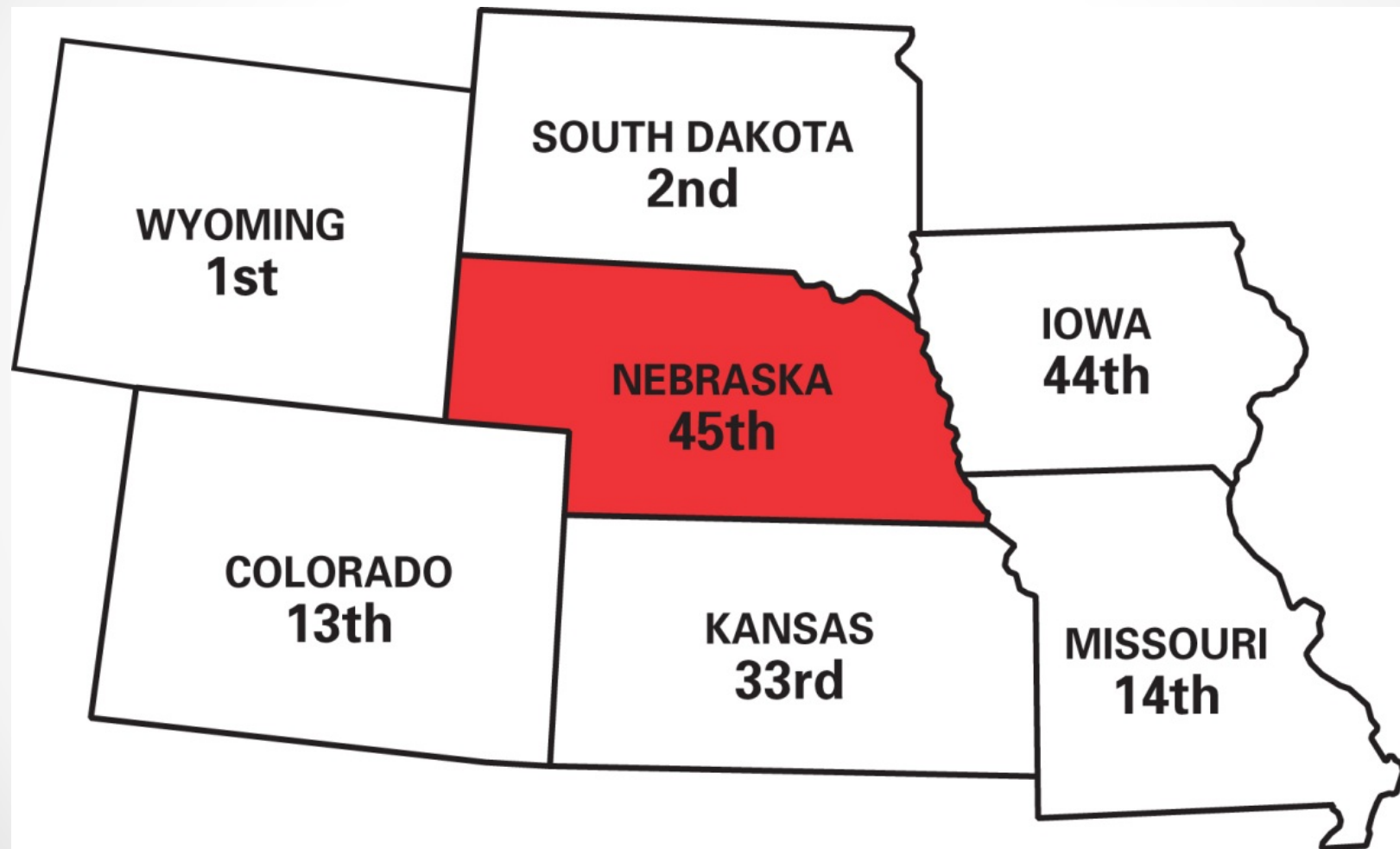
- ✓ Lower corporate income tax rate for income over \$100,000 from 7.81% to 6.70%.
- ✓ The tax rate for income below \$100,000 would remain at 5.58%.

Nebraska Named as a State *Where Not to Die* in 2012

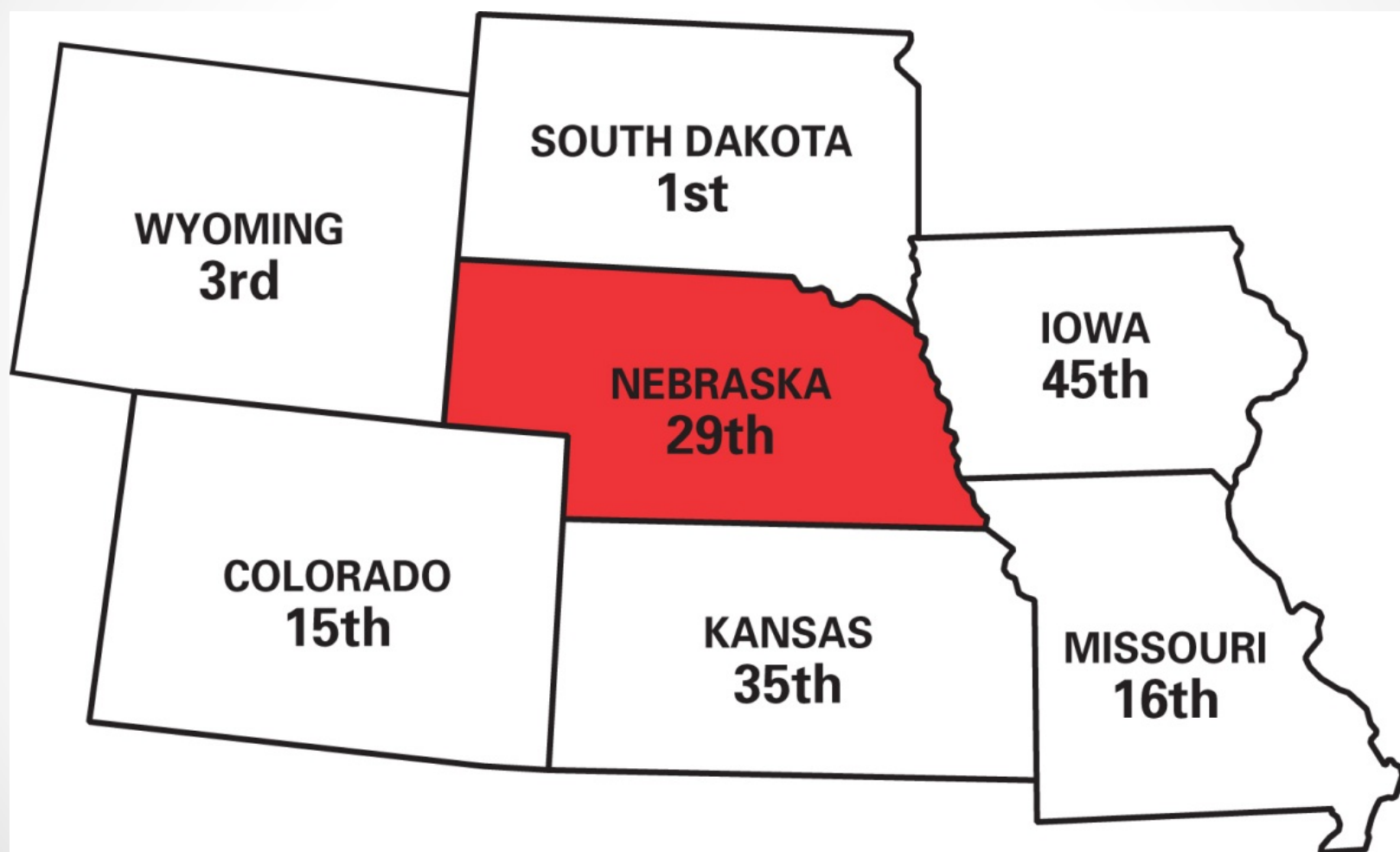


Nebraska is one of only 8 states with an inheritance tax.

In 2006, Nebraska was a high tax state.



Today, we are competitive...
With more work to do.



The Choice Is Clear

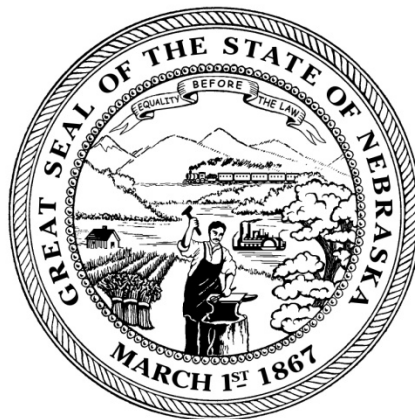
“Our choice is between providing tax relief for hard-working, middle class taxpayers or more spending for special interest groups.

I will fight for taxpayers.”

- Governor Dave Heineman

State of Nebraska

**Tax Relief for Hard-Working,
Middle Class Nebraska
Taxpayers**



Dave Heineman
Governor

January 12, 2012