

LEGISLATIVE BILL 266

Approved by the Governor August 17, 2020

Introduced by Lindstrom, 18.

A BILL FOR AN ACT relating to the School Readiness Tax Credit Act; to amend sections 71-1962, 77-3603, and 77-3604, Reissue Revised Statutes of Nebraska; to redefine a term; to change provisions relating to a tax credit for child care and education providers; to harmonize provisions; to provide an operative date; and to repeal the original sections.
Be it enacted by the people of the State of Nebraska,

Section 1. Section 71-1962, Reissue Revised Statutes of Nebraska, is amended to read:

71-1962 (1) Not later than March 1, 2014, the State Department of Education shall create and operate the Nebraska Early Childhood Professional Record System. The system shall be designed in order to:

(a) Establish a data base of Nebraska's early childhood education workforce;

(b) Verify educational degrees and professional credentials held and relevant training completed by employees of participating applicable child care and early childhood education programs; and

(c) Provide such information to the Department of Health and Human Services for use in evaluating applications to be rated at a step above step one under section 71-1959.

(2) When an applicable child care or early childhood education program participating in the quality rating and improvement system developed pursuant to section 71-1955 applies under section 71-1959 to be rated at a step above step one, the child care or early childhood education program shall report the educational degrees and professional credentials held and relevant training completed by its child care and early childhood education employees to the Nebraska Early Childhood Professional Record System for the program to be eligible for a quality scale rating above step one.

(3) Any child care or early childhood education provider residing or working in Nebraska may report his or her educational degrees and professional credentials held, relevant training completed, and work history to the Nebraska Early Childhood Professional Record System.

(4) The State Department of Education shall develop a classification system for all eligible staff members as defined in section 77-3603 who are employees of or who are self-employed individuals providing services for applicable child care and early childhood education programs listed in the Nebraska Early Childhood Professional Record System. The classification system shall be based on the eligible staff members' employees' educational degrees and professional credentials held, relevant training completed, and work history and shall be made up of four levels, with level one being the least qualified and level four being the most qualified. The minimum qualification for an eligible staff member employee to be classified as level one shall be a Child Development Associate Credential or a one-year certificate or diploma in early childhood education or child development. The classification system shall be used for purposes of the tax credit granted in section 77-3605.

Sec. 2. Section 77-3603, Reissue Revised Statutes of Nebraska, is amended to read:

77-3603 For purposes of the School Readiness Tax Credit Act:

(1) Child means an individual who is five years of age or less;

(2) Child care and education provider means a person who owns or operates an eligible program;

(3) Department means the Department of Revenue;

(4) Eligible program means an applicable child care and early childhood education program as defined in section 71-1954 that has applied to participate in the quality rating and improvement system developed under the Step Up to Quality Child Care Act and has been assigned a quality scale rating;

(5) Eligible staff member means an individual who is employed with, or who is a self-employed individual providing child care and early childhood education for, an eligible program for at least six months of the taxable year and who is listed in the Nebraska Early Childhood Professional Record System and classified as provided in subsection (4) of section 71-1962. Eligible staff member does not include certificated teaching and administrative staff employed by programs established pursuant to section 79-1104; and

(6) Quality scale rating means the rating of an eligible program under the Step Up to Quality Child Care Act which is expressed in terms of steps, with step one being the lowest rating and step five being the highest rating.

Sec. 3. Section 77-3604, Reissue Revised Statutes of Nebraska, is amended to read:

77-3604 (1) A child care and education provider whose eligible program provides services to children who participate in the child care subsidy program established pursuant to section 68-1202 may apply to the department to receive a nonrefundable tax credit against the income tax imposed by the Nebraska Revenue Act of 1967.

(2) The nonrefundable credit provided in this section shall be an amount equal to the average monthly number of children described in subsection (1) of this section who are attending the child care and education provider's eligible program, multiplied by an amount based upon the quality scale rating of such eligible program as follows:

Quality Scale Rating of Eligible Program	Tax Credit Per Child Attending Eligible Program
Step Five	\$750
Step Four	\$500
Step Three	\$250
Step Two	\$0
Step One	\$0

(3) A child care and education provider shall apply for the credit provided in this section by submitting an application to the department with the following information:

(a) The number of children described in subsection (1) of this section who attended the child care and education provider's eligible program during each month of the most recently completed taxable year;

(b) Documentation to show the quality scale rating of the child care and education provider's eligible program; and

(c) Any other documentation required by the department.

(4) Subject to subsection (5) of this section, if the department determines that the child care and education provider qualifies for tax credits under this section, it shall approve the application and certify the amount of credits approved to the child care and education provider.

(5) The department shall consider applications in the order in which they are received and may approve tax credits under this section in any taxable year until the aggregate limit allowed under subsection (1) of section 77-3606 has been reached.

(6) If the child care and education provider is (a) a partnership, (b) a limited liability company, (c) a corporation having an election in effect under subchapter S of the Internal Revenue Code of 1986, as amended, or (d) an estate or trust, the tax credit provided in this section may be distributed in the same manner and proportion as the partner, member, shareholder, or beneficiary reports the partnership, limited liability company, subchapter S corporation, estate, or trust income.

(7) ~~(6)~~ The credit provided in this section shall be available for taxable years beginning or deemed to begin on or after January 1, 2017, and before January 1, 2022, under the Internal Revenue Code of 1986, as amended.

Sec. 4. This act becomes operative for all taxable years beginning or deemed to begin on or after January 1, 2020, under the Internal Revenue Code of 1986, as amended.

Sec. 5. Original sections 71-1962, 77-3603, and 77-3604, Reissue Revised Statutes of Nebraska, are repealed.