

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 702

Introduced by Williams, 36.

Read first time January 05, 2022

Committee: Revenue

- 1 A BILL FOR AN ACT relating to the School Readiness Tax Credit Act; to
- 2 amend section 77-3605, Reissue Revised Statutes of Nebraska, and
- 3 section 77-3604, Revised Statutes Cumulative Supplement, 2020; to
- 4 change provisions relating to the availability of tax credits; to
- 5 harmonize provisions; and to repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-3604, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

3 77-3604 (1) A child care and education provider whose eligible
4 program provides services to children who participate in the child care
5 subsidy program established pursuant to section 68-1202 may apply to the
6 department to receive a nonrefundable tax credit against the income tax
7 imposed by the Nebraska Revenue Act of 1967.

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

13 Quality Scale Rating of Eligible Program	14 Tax Credit Per Child Attending Eligible Program
15 Step Five	\$750
16 Step Four	\$500
17 Step Three	\$250
18 Step Two	\$0
19 Step One	\$0

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

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

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

28 (c) Any other documentation required by the department.

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

1 the amount of credits approved to the child care and education provider.

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

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

14 (7) The credit provided in this section shall be available for
15 taxable years beginning or deemed to begin on or after January 1, 2017,
16 and before January 1, ~~2027~~ 2022, under the Internal Revenue Code of 1986,
17 as amended.

18 Sec. 2. Section 77-3605, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 77-3605 (1) An eligible staff member may apply to the department to
21 receive a refundable tax credit against the income tax imposed by the
22 Nebraska Revenue Act of 1967. The amount of the credit shall be based on
23 the eligible staff member's classification under subsection (4) of
24 section 71-1962 as follows:

25 Eligible Staff Member's Classification	Tax Credit
26 Level Four	\$1,500
27 Level Three	\$1,250
28 Level Two	\$750
29 Level One	\$500

30 (2) An eligible staff member shall apply for the credit provided in
31 this section by submitting an application to the department with the

1 following information:

2 (a) The eligible staff member's name and place of employment;

3 (b) An attestation form provided by the Nebraska Early Childhood
4 Professional Record System verifying the level at which the eligible
5 staff member is classified under subsection (4) of section 71-1962; and

6 (c) Any other documentation required by the department.

7 (3) Subject to subsection (4) of this section, if the department
8 determines that the eligible staff member qualifies for tax credits under
9 this section, it shall approve the application and certify the amount of
10 credits approved to the eligible staff member.

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

15 (5) The credit provided in this section shall be available for
16 taxable years beginning or deemed to begin on or after January 1, 2017,
17 and before January 1, 2027 ~~2022~~, under the Internal Revenue Code of 1986,
18 as amended.

19 (6) For taxable years beginning or deemed to begin on or after
20 January 1, 2018, and before January 1, 2027 ~~2022~~, under the Internal
21 Revenue Code of 1986, as amended, the Tax Commissioner shall adjust the
22 credit amounts provided for in subsection (1) of this section by the
23 percentage change in the Consumer Price Index for All Urban Consumers, as
24 prepared by the United States Department of Labor, Bureau of Labor
25 Statistics, for the twelve-month period ending on August 31 of the year
26 preceding the taxable year.

27 Sec. 3. Original section 77-3605, Reissue Revised Statutes of
28 Nebraska, and section 77-3604, Revised Statutes Cumulative Supplement,
29 2020, are repealed.