



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 67

Chairperson: Abbie Cornett
Committee: Revenue
Date of Hearing: February 27, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 67 would adopt the Elementary and Secondary Educational Opportunities Act.

The purpose of the act is to provide a limited tax credit to individuals and business entities for contributions they make to non-profit organizations that use the funds contributed to provide scholarships to enable children to attend nonpublic elementary and secondary schools in Nebraska. The credit is allowed against the taxpayer's Nebraska State income tax.

The amount of the credit is limited to \$2500 per individual filing a separate return; \$5000 per married couple filing a joint return; \$10,000 per C corporation; \$5000 per subchapter S corporation, LLC, and partnership; and \$5000 per estate/trust. If the taxpayer's tax liability is less than the amount contributed, the excess contribution can be carried forward up to five consecutive years and applied against future tax liabilities. To qualify for the credit, the contribution cannot be designated for the direct benefit of anyone specified by the taxpayer, including the taxpayer's own dependents. An aggregate statewide cap of \$3,000,000 in annual credits is set forth in the act.

To qualify for the credit, the contributions must be made to an organization that is exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code. The organization must allocate at least 90% of its annual revenues for scholarship grants to help children attend any qualified school of their parents' or legal guardians' choice. In order to qualify for a scholarship or tuition grant, the recipient family's household income must be within three times of the federal HHS poverty level. A qualified school is defined in the act as any nonpublic elementary and secondary school in Nebraska that does not discriminate on the basis of race, color, or national origin and that satisfies the requirements prescribed by law for the legal operation of nonpublic schools in this State. The scholarship organization must apply to the Department of Revenue for certification to ensure that its scholarship programs satisfy these requirements.

Principal Introducer:

Senator Mike Friend
District 10