

**ONE HUNDRED SIXTH LEGISLATURE - SECOND SESSION - 2020**  
**COMMITTEE STATEMENT**  
**LB1042**

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**Hearing Date:** Wednesday January 29, 2020  
**Committee On:** Revenue  
**Introducer:** La Grone  
**One Liner:** Authorize and provide tax deductions for contributions to the Nebraska educational savings plan trust by employers and persons other than participants as prescribed

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**

<b>Aye:</b>	7	Senators Briese, Crawford, Friesen, Groene, Kolterman, Lindstrom, Linehan
<b>Nay:</b>		
<b>Absent:</b>		
<b>Present Not Voting:</b>	1	Senator McCollister

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**Oral Testimony:**

**Proponents:**

Senator Andrew La Grone  
John Murante

**Representing:**

Introducer  
Nebraska State Treasurer

**Opponents:**

**Representing:**

**Neutral:**

Tiffany Friesen Milone

**Representing:**

OpenSky Policy Institute

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**Summary of purpose and/or changes:**

The bill would allow participants in the Nebraska Educational Savings Plan Trust ("NEST") to deduct an employer contribution to the individuals account to the extent the employer contribution was included in federal adjusted gross income of the employee. The deduction is limited to \$5,000 for married filing separate returns and \$10,000 for all other returns.

Employer contributions may not be considered in determining income of any individual for eligibility for any program administered by any agency of the state.

The bill amends the definition of qualified higher education expenses to include:

- The costs of an apprenticeship program registered and certified by the U.S. Secretary of Labor under 29 U.S.C. 50; or
- Amounts paid on or after January 1, 2019 as principal or interest on any qualified education loan defined in 26 U.S.C. 221 of the beneficiary or sibling of a designated beneficiary.

The amount of principal and interest may not exceed \$10,000 for all tax years of the designated beneficiary or sibling of the designated beneficiary.

\$59,188 is to be transferred to the Department of Revenue Miscellaneous Receipts Fund on or before July 15, 2020 to

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defray the costs of implementing this bill.

The bill is effective for tax years beginning or deemed to begin on or after January 1, 2021 and contains the E Clause.

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**Explanation of amendments:**

The amendment strikes original section 3 which would have allowed the use of "NEST" funds to repay student loans.

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Lou Ann Linehan, Chairperson