

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 266

FINAL READING

Introduced by Lindstrom, 18.

Read first time January 15, 2019

Committee: Revenue

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

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

3 71-1962 (1) Not later than March 1, 2014, the State Department of
4 Education shall create and operate the Nebraska Early Childhood
5 Professional Record System. The system shall be designed in order to:

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

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

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

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

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

27 (4) The State Department of Education shall develop a classification
28 system for all eligible staff members as defined in section 77-3603 who
29 are employees of or who are self-employed individuals providing services
30 for applicable child care and early childhood education programs listed
31 in the Nebraska Early Childhood Professional Record System. The

1 classification system shall be based on the eligible staff members'
2 ~~employees'~~ educational degrees and professional credentials held,
3 relevant training completed, and work history and shall be made up of
4 four levels, with level one being the least qualified and level four
5 being the most qualified. The minimum qualification for an eligible staff
6 member ~~employee~~ to be classified as level one shall be a Child
7 Development Associate Credential or a one-year certificate or diploma in
8 early childhood education or child development. The classification system
9 shall be used for purposes of the tax credit granted in section 77-3605.

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

12 77-3603 For purposes of the School Readiness Tax Credit Act:

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

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

16 (3) Department means the Department of Revenue;

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

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

30 (6) Quality scale rating means the rating of an eligible program
31 under the Step Up to Quality Child Care Act which is expressed in terms

1 of steps, with step one being the lowest rating and step five being the
2 highest rating.

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

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

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

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

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

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

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

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

31 (4) Subject to subsection (5) of this section, if the department

1 determines that the child care and education provider qualifies for tax
2 credits under this section, it shall approve the application and certify
3 the amount of credits approved to the child care and education provider.

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

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

16 (7) ~~(6)~~ The credit provided in this section shall be available for
17 taxable years beginning or deemed to begin on or after January 1, 2017,
18 and before January 1, 2022, under the Internal Revenue Code of 1986, as
19 amended.

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

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