

ONE HUNDRED FIFTH LEGISLATURE - FIRST SESSION - 2017
COMMITTEE STATEMENT
LB295

Hearing Date: Thursday January 26, 2017
Committee On: Revenue
Introducer: Smith
One Liner: Adopt the Opportunity Scholarships Act and provide tax credits

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

Vote Results:

Aye:	5	Senators Brasch, Groene, Larson, Lindstrom, Smith
Nay:	3	Senators Friesen, Harr, Schumacher
Absent:		
Present Not Voting:		

Verbal Testimony:

Proponents:

Senator Jim Smith
Jim Vokal
Patrick Slattery
Joe Connolly
Beatriz Arellanes
Jayleesha Cooper
Peg Carney
Dave Geidel
Katie Linehan
Michael McHale
Ean Mikale

Representing:

Introducer
Platte Institute
Archdiocese of Omaha
Self - Panora, Iowa
Archdiocese of Omaha
Student - Holy Name School - Omaha, Nebraska
Madonna School, Archdiocese of Omaha
Trinity Lutheran School
Educate Nebraska
Nebraska Catholic Conference
Bryant Center Association

Opponents:

John Bonaiuto
Rob Winter
Larry Scherer
Renee Fry
Ann Hunter-Pirtle

Representing:

Nebraska Association of School Boards
Greater Nebraska Schools Association
Nebraska State Education Association
OpenSky Policy Institute
Stand for Schools

Neutral:

Matthew Eash

Representing:

Nebraska School Finance Strategies, Inc.

Summary of purpose and/or changes:

LB 295 would allow for the adoption of the Opportunity Scholarships Act. Under the Act, individual and corporate taxpayers would qualify for a non-refundable tax credit equal to the amount the taxpayer contributed to a scholarship-granting organization. Each nonprofit, scholarship-granting organization certified by the Nebraska Department of Revenue shall provide education scholarships to assist eligible students to attend a qualified, nonprofit, private elementary or secondary school. The Act defines an eligible student as a dependent member of a household that has a gross income the does not exceed two times the required level for the federal reduced-price lunch program. For

calendar year 2018, the total amount of credits granted shall not exceed ten million dollars. The annual limit will increase incrementally each year thereafter.

Explanation of amendments:

The amendment becomes the bill. It imposes limits on the amount of the credit for various taxpayers as follows for tax year January 1, 2019:

1. Individuals - \$10,000 if married filing joint; \$5,000 all other taxpayers;
2. Partnerships, LLC's and S Corporations - \$50,000;
3. Trusts and Estates - \$50,000; and
4. Corporations - \$150,000

The credit amounts are indexed for inflation for each subsequent tax year. They may also be increased by 20 percent each year if the 95 percent threshold described below is achieved.

The total amount of credits for tax year 2019 is capped at \$2 million. Each subsequent tax year the amount of the cap is indexed for inflation and may also be increased by 20 percent if the prior year's intended tax credits exceed 95 percent of the prior year's annual limit. The annual limit may not exceed \$10 million in any tax year.

Jim Smith, Chairperson