

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB69

Hearing Date: Thursday January 28, 2021
Committee On: Revenue
Introducer: Day
One Liner: Adopt the Student Loan Repayment Tax Credit Act

Roll Call Vote - Final Committee Action:
Indefinitely postponed

Vote Results:
Aye: 7 Senators Albrecht, Brieese, Flood, Friesen, Lindstrom, Linehan, Pahls
Nay: 1 Senator Bostar
Absent:
Present Not Voting:

Oral Testimony:

Proponents:
Senator Jen Day
Trevia Haugaard
James Hauschildt
Mike Riordan
Mike Baumgartner

Joey Adler

Representing:
Introducer
Council of Independent Nebraska Colleges
Clarkson College
BenefitEd
Nebraska Coordinating Commission for Postsecondary Education
Holland Children's Movement

Opponents:

Representing:

Neutral:

Representing:

Submitted Written Testimony:

Proponents:
Bruce Bohrer
Bob Hallstrom
Cameron Collier

Representing:
Lincoln Chamber of Commerce
Nebraska Bankers Association
ASUN Student Government

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

The bill would create the Student Loan Repayment Tax Credit Act.

Section 2 provides the relevant definitions. These include:

- Employer means an individual or entity that employs one or more qualified employees in this state, is subject to Nebraska income tax and is physically located in Nebraska;
- Qualified employee means an individual who is employed for at least 480 hours in this state during the taxable year, graduated or earned a certification from a postsecondary educational institution, and incurred a student loan while attending such postsecondary educational institution;
- Student loan means a loan to a student for postsecondary education expenses that is made, insured or guaranteed under the federal Higher Education Act of 1965 or the federal Public Health Service Act.

Section 3 explains the credit process. Employers must file an application with the Tax Commissioner to establish that they are qualified for the credit and that they plan to repay principle and interest to the relevant lender or servicer of the loan. The credit is equal to 50% of the employer's student loan repayment, up to a maximum of \$1,800 for each qualified employee. Employers may earn credits for up to 20 qualified employees.

The credit applies against the individual and corporate income taxes, is nonrefundable, but may be carried forward until fully utilized. The Department of Revenue will determine if the employer qualifies and then approve the application, authorize tentative tax credits and certify the amount of tentative credits approved to the employer.

The Department may authorize credits up to \$1,500,000 in any calendar year. At least 25% of the credits approved must go to employers with no more than 30 employees or that are located in a city of the first class, second class or a village in this state.

Section 5 provides reporting requirements for the Department to the Legislature.

Lou Ann Linehan, Chairperson