



February 4, 2021

Senator Lou Ann Linehan, Chair  
Members of the Revenue Committee  
Nebraska Legislature

RE: LB531

Chairperson Linehan and Members of the Revenue Committee,

Thank you for allowing me to testify today. My name is Elizabeth Everett, spelled E-L-I-Z-A-B-E-T-H E-V-E-R-E-T-T and I am Deputy Director of First Five Nebraska. First Five Nebraska is a statewide public policy organization focused on promoting quality early care and learning opportunities for Nebraska's youngest children. I am here today to testify in support of LB531.

Despite the obvious importance of child care, there are very few supports that make owning and operating a child care program or working in this industry a viable career for existing or aspiring educators and entrepreneurs. High employee turnover, low profit margins and burdensome operating costs represent a serious challenge to the sustainability of many child care programs. Demand for child care typically exceeds the number of providers and slots available in our communities. As a result, Nebraska has suffered from a chronic shortfall in access to child care in all regions of the state. Recently, First Five Nebraska commissioned the University of Nebraska Bureau of Business Research to conduct a study of the annual economic losses our state sustains due to gaps in child care availability in Nebraska. The study concluded that the state sustains roughly \$745 million annually in direct economic losses due to inadequate access to child care.

The child care industry experiences significant challenges even in optimal economic conditions. In the face of an unprecedented challenge such as COVID-19, it is more important than ever that our public and private sectors are actively involved in helping to sustain this critical industry. LB531 offers an opportunity to do so.

LB531, or the Nebraska Child Care Contribution Tax Credit, provides a nonrefundable income tax credit for any individual or employer that makes a qualifying contribution to promote quality child care in Nebraska. Contributions to an eligible child care program or approved intermediary must be monetary. Contributions of services or property do not qualify for the tax credit. Qualifying contributions include those that establish or help operate eligible child care programs, help train child care professionals and establish grant programs for parents requiring financial assistance for child care purposes.

The Nebraska Child Care Contribution Tax Credit is a tiered tax credit program. A 50% nonrefundable tax credit would be available to any taxpayer who makes a qualifying contribution

to promote quality child care. A 75% nonrefundable tax credit would be available to any taxpayer who contributes to an eligible child care program that has a physical presence in a Nebraska Opportunity Zone or contributes to an eligible child care program that has at least one child care subsidy enrollment. The total amount of the nonrefundable income tax credit is capped at either the taxpayer's actual income tax liability or \$100,000, whichever is lower. Fifteen million dollars would be available for each taxable year and the tax credit program would sunset on January 1, 2027.

Nebraska's child care industry needs help. LB531 would incentivize the private sector and provide more diverse funding sources to help stabilize the child care industry. LB531 is not only an investment in the child care industry, but it's an investment in the future of our workforce. Nebraska's working parents and employers depend on stable care arrangements. Permanent or temporary closures in child care programs can and will continue to impact our state's ability to mobilize the workforce we need for economic recovery.

Again, thank you for allowing me to testify today and I would like to express our appreciation for Senator Briese's leadership on this important issue.

Sincerely,

Elizabeth Everett  
Deputy Director  
First Five Nebraska