

Summary of Concerns over LB 248

The summary of the changes to the bill are as follows (as provided by Tiffany Seibert):

(The federal credit referenced in both the current section and the proposed changes is section 21 of the Internal Revenue Code – Expenses for Household and Dependent Care Services, a non-refundable federal tax credit of \$3,000 for one qualifying child/dependent and \$6,000 for two or more qualifying children or dependents.

Current Law (77-2715.07 Section 2 a and b) in Nebraska:

For returns reporting federal adjusted gross incomes greater than \$29,000:

Nonrefundable Nebraska tax credit equal to 25% of the federal credit (\$750 for 1 qualifying child/dependent; \$1,500 for two or more qualifying children/dependents)
Claimed on 43,172 tax returns in 2006 and 43,590 tax returns in 2007
Average return \$119 in 2006 and \$121 in 2007

For returns reporting federal adjusted gross incomes less than or equal to \$29,000:

Refundable credit equal to a percentage of the federal credit (percentage based upon income)
100% for incomes less than or equal to \$22,000 - percentage shall be reduced by 10% for each one thousand dollars by which the reported income exceeds \$22,000. Incomes making between \$28,001 to \$29,000 receive 30% of the federal credit
Claimed on 13,075 returns in 2006 and 12,677 returns in 2007
Average return \$537 in 2006 and \$545 in 2007

Proposed changes in LB 248:

Makes all of this credit nonrefundable at 25% of the federal credit (\$750 or \$1,500), regardless of income level.
Increases EITC from 10% to 13% of the federal EITC
Claimed on 106,253 tax returns in 2006 and 112,745 in 2007
Average return \$148 in 2006 and \$190 in 2007



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Bottom line- I am concerned that what families will lose with the elimination of the refundable credit will not be replaced by a 3% increase in the EITC. I do not know for sure what the impact would be, and that is why we are going to oppose it.

If you would like more information or need to better understand the issues with LB 248, please feel free to contact Tiffany Seibert at Voices for Children in Nebraska - 402.597.3100.