

# LB 753 QUICK FACTS: THE COST



## THE BILL



**LB 753**, passed by the Nebraska Legislature in 2023, creates **dollar-for-dollar tax credits** totaling \$25M for donations by individuals and businesses to organizations granting scholarships to K-12 private schools.<sup>1</sup>

## WHY TAX CREDITS?



Through tax credits, the state is **effectively funding private schools** in a way it couldn't otherwise under the state constitution.

Under LB 753, taxpayers can annually divert a portion of what they owe in state taxes to scholarship granting organizations, or SGOs.

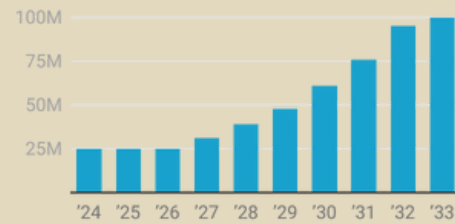
## TAX CREDITS COULD RAPIDLY EXPAND

The annual tax credits are capped at \$25M for three years but could **grow by 25% annually** beginning in 2027 until reaching \$100M in 2033.

Unlike other measures considered each budget cycle, these tax credits would be on autopilot, reducing revenue available to fund state priorities such as career education in public schools.

A \$100M revenue loss represents 8% of funds to be distributed to public schools through the state aid formula in FY 2024.

Beginning in 2027, tax credits will grow assuming taxpayers claim 90% of prior year's credits. They're capped at \$100 million.



## LESS IN STATE AID?

Aid distributed to public schools through the state funding formula could **decrease by \$11.8M** as a result of students transferring to private schools in response to LB 753. The Legislature's Fiscal Office noted that the drop in students, however, would not translate to a decrease in fixed costs for public schools.<sup>2</sup>



## WHAT'S HAPPENED IN OTHER STATES?

In seven states where voucher programs rapidly **expanded** over a decade, the portion of the state's GDP allocated to K-12 public education **decreased**, even as enrollment grew over the same period in five states.<sup>3</sup>



The nation's first tax credit scholarship program was introduced in Arizona in 1997 at an estimated annual cost of **\$4.5M**. An expanded voucher program is estimated to cost **\$900M** in FY 2024.<sup>4</sup>



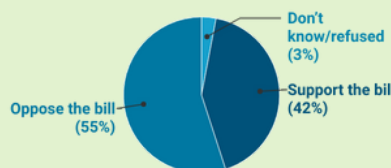
In Iowa, the cost of taxpayer-funded vouchers for students to attend private school this year is expected to blow past an initial **\$107M** projection. By 2027, it's estimated to cost **\$345M**.<sup>5</sup>

## REFERENDUM PETITION

In a survey following the passage of LB 753, 55% of voters said they opposed the bill.<sup>6</sup>

**Support Our Schools Nebraska**, a coalition of public school supporters, is gathering signatures in a referendum petition campaign to put LB 753 before voters in November 2024.

A majority of likely voters oppose the bill that creates tax credits for donations to fund private school scholarships.



### WATCH FOR FUTURE LB 753 QUICK FACTS

The students  
The tax credits  
The SGOs and schools

## REFERENCES

- <sup>1</sup> Nebraska Legislature, "LB 753," Jan. 18, 2023, accessed at [https://nebraskalegislature.gov/bills/view\\_bill.php?DocumentID=50326/](https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=50326/) on Aug. 1, 2023.
- <sup>2</sup> Nebraska Legislature, "LB 753 Fiscal Note," April 4, 2023, accessed at [https://nebraskalegislature.gov/FloorDocs/108/PDF/FN/LB753\\_20230404-105929.pdf](https://nebraskalegislature.gov/FloorDocs/108/PDF/FN/LB753_20230404-105929.pdf) on Aug. 1, 2023.
- <sup>3</sup> Public Funds Public Schools, "The Fiscal Consequences of Private School Vouchers," March 2023, accessed at [https://pfps.org/assets/uploads/SPLC\\_ELC\\_FFPS\\_2023Report\\_Final.pdf](https://pfps.org/assets/uploads/SPLC_ELC_FFPS_2023Report_Final.pdf) on Aug. 1, 2023.
- <sup>4</sup> Arizona Center for Economic Progress, "Arizona School Vouchers, Explained," July 1, 2023, accessed at <https://azeconcenter.org/arizona-school-vouchers-explained/> on Aug. 1, 2023.
- <sup>5</sup> The Gazette, "More than 29,000 apply for Iowa education savings accounts. Majority of approved students already attend private school," July 6, 2023, accessed at <https://www.thegazette.com/state-government/more-than-29000-apply-for-iowa-education-savings-accounts-majority-of-approved-students-already-at/> on Aug. 1, 2023.
- <sup>6</sup> OpenSky Policy Institute, "Likely voters weigh in on LB 753 and public school funding in Nebraska," July 13, 2023, accessed at <https://www.openskypolicy.org/likely-voters-weigh-in-on-lb-753-and-public-school-funding-in-nebraska/> on Aug. 1, 2023.