

LB 753 QUICK FACTS: THE TAX CREDITS



THE BILL

LB 753, passed by the Nebraska Legislature in 2023, creates **dollar-for-dollar tax credits** totaling up to \$100M for donations by individuals and businesses to organizations granting scholarships to K-12 private schools.¹

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

HOW THE TAX CREDITS ARE AWARDED

Beginning in 2024, tax credits are **capped at \$25 million** for three years but can **expand to \$100 million** within a decade. The Nebraska Department of Revenue will award tax credits annually on a first-come, first-served basis.



Individuals, businesses and corporations qualify for tax credits of up to \$100,000 a year. **Estates and trusts** can qualify for tax credits of up to \$1 million. Taxpayers can deduct up to 50% of their state tax liability each year and can carry forward unused credits for five years.

WHO CLAIMS CREDITS?

Nebraska is one of **22 states with tax credits** for private school scholarships. The first credits were launched in Arizona in 1997.

In other states, these programs have rapidly expanded in cost. The tax benefits flow largely to wealthy taxpayers.

Percentage of tax credits going to households with incomes over \$200,000:²



CREDITS VS. DEDUCTIONS

The tax credits linked to donations for private school scholarships are **17 times more lucrative** than tax deductions for other types of charitable donations, including contributions to religious institutions.



Tax credits in LB 753 are a dollar-for-dollar reduction in state tax liability. A \$10,000 donation nets a \$10,000 tax benefit.



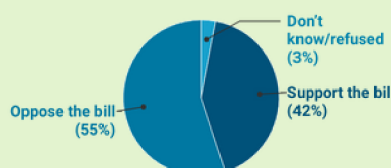
Taxpayers save less than 6 cents for every dollar donated to other charitable causes. A \$10,000 donation nets a state tax benefit of \$584.

REFERENDUM PETITION

In a survey following the passage of LB 753, 55% of voters said they opposed the bill.³

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.



CHECK OUT OTHER QUICK FACTS

- [The COST](#)
- [The SCHOLARSHIPS](#)
- [The SGOs](#)
- [The SCHOOLS](#)

REFERENCES

- ¹ Nebraska Legislature, "LB 753," Jan. 18, 2023, accessed at https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=50326/ on Aug. 1, 2023.
- ² Institute on Taxation and Economic Policy, "Tax Avoidance Continues to Fuel School Privatization Efforts," March 3, 2023, accessed at <https://itep.org/tax-avoidance-fuels-school-vouchers-privatization-efforts/> on Aug. 17, 2023.
- ³ 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.