

## School Readiness Tax Credit Act

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The School Readiness Tax Credit Act, LB 754 (2023) provides two separate income tax credits beginning with tax year 2024.

**Credit for an Eligible Program.** A nonrefundable income tax credit is available to individuals, partnerships, limited liability companies (LLCs), S corporations, corporations, or fiduciaries who owned or operated an eligible childcare and education program that served children who participated in the childcare subsidy program established in [Neb. Rev. Stat. § 68-1202](#). The tax credit to the provider is equal to the average monthly number of children, age 5 or under, who participated in the childcare subsidy program and who attended the provider's program, multiplied by a dollar amount based on the quality scale rating of the eligible program. Steps One through Five qualify for the credit:

- A) \$400 for a Step One program;
- B) \$600 for a Step Two program;
- C) \$800 for a Step Three program;
- D) \$1,000 for a Step Four program; and
- E) \$1,200 for a Step Five program.

This tax credit is available to individuals, partnerships, LLCs, S corporations, corporations, and fiduciaries. An application for this tax credit must be filed with the DOR after the close of the tax year for which you are claiming or distributing the credit. Partnerships, LLCs, S corporations, and fiduciaries who distribute the tax credit must complete page 2 of the application with the names, Social Security number (SSN) or Nebraska ID number, percentage share of income, and the amount of tax credit for each partner, shareholder, member, or beneficiary. Please allow four weeks to process and respond to your application. The tax credit may only be claimed after your application has been approved in writing by the DOR.

**Credit for Staff Member or Self-Employed Individual of an Eligible Program.** A refundable income tax credit is available to an individual who was employed with, or who is a self-employed individual providing child care and early childhood education for, an eligible program for at least six months during the taxable year and was classified in the [Nebraska Early Childhood Professional Record System](#). For tax year 2024, eligible staff members receive a tax credit equal to:

- A) \$2,300 for a Level One classification;
- B) \$2,600 for a Level Two classification;
- C) \$2,900 for a Level Three classification;
- D) \$3,200 for a Level Four classification; and
- E) \$3,500 for a Level Five classification.

An application for this tax credit may be filed with the DOR any time after the applicant met all the required eligibility criteria. The School Readiness Tax Credit Act - Attestation of Staff Member Classification Level form from the Nebraska Department of Education must be attached to the application. DOR will process the applications in the order received. The tax credit may only be claimed after your application has been approved in writing by DOR. Please allow four weeks for DOR to process and respond to your application.

The total amount of tax credits available for both programs is limited to \$7.5 million per tax year.

Additional information may be found at [education.ne.gov/StepUptoQuality](http://education.ne.gov/StepUptoQuality) and [revenue.nebraska.gov](http://revenue.nebraska.gov).