LB151
2025

LEGISLATURE OF NEBRASKA

ONE HUNDRED NINTH LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 151

Introduced by Cavanaugh, J., 9.

Read first time January 13, 2025

Committee: Revenue

A BILL FOR AN ACT relating to revenue and taxation; to amend section 77-2716, Revised Statutes Cumulative Supplement, 2024; to adopt the First-Time Homebuyers Savings Account Act; to provide income tax adjustments relating to the First-Time Homebuyers Savings Account Act; to provide an operative date; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 77-2716, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-2716 (1) The following adjustments to federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be made for interest or dividends received:

(a)(i) There shall be subtracted interest or dividends received by the owner of obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent includable in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States; and

(ii) There shall be subtracted interest received by the owner of obligations of the State of Nebraska or its political subdivisions or authorities which are Build America Bonds to the extent includable in gross income for federal income tax purposes;

(b) There shall be subtracted that portion of the total dividends and other income received from a regulated investment company which is attributable to obligations described in subdivision (a) of this subsection as reported to the recipient by the regulated investment company;

(c) There shall be added interest or dividends received by the owner of obligations of the District of Columbia, other states of the United States, or their political subdivisions, authorities, commissions, or instrumentalities to the extent excluded in the computation of gross income for federal income tax purposes except that such interest or dividends shall not be added if received by a corporation which is a regulated investment company;

(d) There shall be added that portion of the total dividends and other income received from a regulated investment company which is attributable to obligations described in subdivision (c) of this subsection and excluded for federal income tax purposes as reported to the recipient by the regulated investment company; and

(e)(i) Any amount subtracted under this subsection shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this subsection or the investment in the regulated investment company and by any expenses incurred in the production of interest or dividend income described in this subsection to the extent that such expenses, including amortizable bond premiums, are deductible in determining federal taxable income.

(ii) Any amount added under this subsection shall be reduced by any expenses incurred in the production of such income to the extent disallowed in the computation of federal taxable income.

(2) There shall be allowed a net operating loss derived from or connected with Nebraska sources computed under rules and regulations adopted and promulgated by the Tax Commissioner consistent, to the extent possible under the Nebraska Revenue Act of 1967, with the laws of the United States. For a resident individual, estate, or trust, the net operating loss computed on the federal income tax return shall be adjusted by the modifications contained in this section. For a nonresident individual, estate, or trust or for a partial-year resident individual, the net operating loss computed on the federal return shall be adjusted by the modifications contained in this section and any carryovers or carrybacks shall be limited to the portion of the loss derived from or connected with Nebraska sources.

(3) There shall be subtracted from federal adjusted gross income for all taxable years beginning on or after January 1, 1987, the amount of any state income tax refund to the extent such refund was deducted under the Internal Revenue Code, was not allowed in the computation of the tax due under the Nebraska Revenue Act of 1967, and is included in federal adjusted gross income.

(4) Federal adjusted gross income, or, for a fiduciary, federal taxable income shall be modified to exclude the portion of the income or

loss received from a small business corporation with an election in effect under subchapter S of the Internal Revenue Code or from a limited liability company organized pursuant to the Nebraska Uniform Limited Liability Company Act that is not derived from or connected with Nebraska sources as determined in section 77-2734.01.

(5) There shall be subtracted from federal adjusted gross income or, for corporations and fiduciaries, federal taxable income dividends received or deemed to be received from corporations which are not subject to the Internal Revenue Code.

(6) There shall be subtracted from federal taxable income a portion of the income earned by a corporation subject to the Internal Revenue Code of 1986 that is actually taxed by a foreign country or one of its political subdivisions at a rate in excess of the maximum federal tax rate for corporations. The taxpayer may make the computation for each foreign country or for groups of foreign countries. The portion of the taxes that may be deducted shall be computed in the following manner:

(a) The amount of federal taxable income from operations within a foreign taxing jurisdiction shall be reduced by the amount of taxes actually paid to the foreign jurisdiction that are not deductible solely because the foreign tax credit was elected on the federal income tax return;

(b) The amount of after-tax income shall be divided by one minus the maximum tax rate for corporations in the Internal Revenue Code; and

(c) The result of the calculation in subdivision (b) of this subsection shall be subtracted from the amount of federal taxable income used in subdivision (a) of this subsection. The result of such calculation, if greater than zero, shall be subtracted from federal taxable income.

(7) Federal adjusted gross income shall be modified to exclude any amount repaid by the taxpayer for which a reduction in federal tax is allowed under section 1341(a)(5) of the Internal Revenue Code.

(8)(a) Federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be reduced, to the extent included, by income from interest, earnings, and state contributions received from the Nebraska educational savings plan trust created in sections 85-1801 to 85-1817 and any account established under the achieving a better life experience program as provided in sections 77-1401 to 77-1409.

(b) Federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be reduced by any contributions as a participant in the Nebraska educational savings plan trust or contributions to an account established under the achieving a better life experience program made for the benefit of a beneficiary as provided in sections 77-1401 to 77-1409, to the extent not deducted for federal income tax purposes, but not to exceed five thousand dollars per married filing separate return or ten thousand dollars for any other return. With respect to a qualified rollover within the meaning of section 529 of the Internal Revenue Code from another state's plan, any interest, earnings, and state contributions received from the other state's educational savings plan which is qualified under section 529 of the code shall qualify for the reduction provided in this subdivision. For contributions by a custodian of a custodial account including rollovers from another custodial account, the reduction shall only apply to funds added to the custodial account after January 1, 2014.

(c) For taxable years beginning or deemed to begin on or after January 1, 2021, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced, to the extent included in the adjusted gross income of an individual, by the amount of any contribution made by the individual's employer into an account under the Nebraska educational savings plan trust owned by the individual, not to exceed five thousand dollars per married filing separate return or ten thousand dollars for any other return.

(d) Federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be increased by:

(i) The amount resulting from the cancellation of a participation agreement refunded to the taxpayer as a participant in the Nebraska educational savings plan trust to the extent previously deducted under subdivision (8)(b) of this section; and

(ii) The amount of any withdrawals by the owner of an account established under the achieving a better life experience program as provided in sections 77-1401 to 77-1409 for nonqualified expenses to the extent previously deducted under subdivision (8)(b) of this section.

(9)(a) For income tax returns filed after September 10, 2001, for taxable years beginning or deemed to begin before January 1, 2006, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be increased by eighty-five percent of any amount of any federal bonus depreciation received under the federal Job Creation and Worker Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003, under section 168(k) or section 1400L of the Internal Revenue Code of 1986, as amended, for assets placed in service after September 10, 2001, and before December 31, 2005.

(b) For a partnership, limited liability company, cooperative, including any cooperative exempt from income taxes under section 521 of the Internal Revenue Code of 1986, as amended, limited cooperative association, subchapter S corporation, or joint venture, the increase shall be distributed to the partners, members, shareholders, patrons, or beneficiaries in the same manner as income is distributed for use against their income tax liabilities.

(c) For a corporation with a unitary business having activity both inside and outside the state, the increase shall be apportioned to Nebraska in the same manner as income is apportioned to the state by section 77-2734.05.

(d) The amount of bonus depreciation added to federal adjusted gross income or, for corporations and fiduciaries, federal taxable income by this subsection shall be subtracted in a later taxable year. Twenty percent of the total amount of bonus depreciation added back by this subsection for tax years beginning or deemed to begin before January 1, 2003, under the Internal Revenue Code of 1986, as amended, may be subtracted in the first taxable year beginning or deemed to begin on or after January 1, 2005, under the Internal Revenue Code of 1986, as amended, and twenty percent in each of the next four following taxable years. Twenty percent of the total amount of bonus depreciation added back by this subsection for tax years beginning or deemed to begin on or after January 1, 2003, may be subtracted in the first taxable year beginning or deemed to begin on or after January 1, 2006, under the Internal Revenue Code of 1986, as amended, and twenty percent in each of the next four following taxable years.

(10) For taxable years beginning or deemed to begin on or after January 1, 2003, and before January 1, 2006, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be increased by the amount of any capital investment that is expensed under section 179 of the Internal Revenue Code of 1986, as amended, that is in excess of twenty-five thousand dollars that is allowed under the federal Jobs and Growth Tax Act of 2003. Twenty percent of the total amount of expensing added back by this subsection for tax years beginning or deemed to begin on or after January 1, 2003, may be subtracted in the first taxable year beginning or deemed to begin on or after January 1, 2006, under the Internal Revenue Code of 1986, as amended, and twenty percent in each of the next four following tax years.

(11)(a) For taxable years beginning or deemed to begin before January 1, 2018, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced by contributions, up to two thousand dollars per married filing jointly return or one thousand dollars for any other return, and any investment earnings made as a participant in the Nebraska long-term care savings plan under the Long-Term Care Savings Plan Act, to the extent not deducted for federal income tax purposes.

(b) For taxable years beginning or deemed to begin before January 1, 2018, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be increased by the withdrawals made as a participant in the Nebraska long-term care savings plan under the act by a person who is not a qualified individual or for any reason other than transfer of funds to a spouse, long-term care expenses, long-term care insurance premiums, or death of the participant, including withdrawals made by reason of cancellation of the participation agreement, to the extent previously deducted as a contribution or as investment earnings.

(12) There shall be added to federal adjusted gross income for individuals, estates, and trusts any amount taken as a credit for franchise tax paid by a financial institution under sections 77-3801 to 77-3807 as allowed by subsection (5) of section 77-2715.07.

(13)(a) For taxable years beginning or deemed to begin on or after January 1, 2015, and before January 1, 2024, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced by the amount received as benefits under the federal Social Security Act which are included in the federal adjusted gross income if:

(i) For taxpayers filing a married filing joint return, federal adjusted gross income is fifty-eight thousand dollars or less; or

(ii) For taxpayers filing any other return, federal adjusted gross income is forty-three thousand dollars or less.

(b) For taxable years beginning or deemed to begin on or after January 1, 2020, and before January 1, 2024, under the Internal Revenue Code of 1986, as amended, the Tax Commissioner shall adjust the dollar amounts provided in subdivisions (13)(a)(i) and (ii) of this section by the same percentage used to adjust individual income tax brackets under subsection (3) of section 77-2715.03.

(c) For taxable years beginning or deemed to begin on or after January 1, 2021, and before January 1, 2024, under the Internal Revenue Code of 1986, as amended, a taxpayer may claim the reduction to federal adjusted gross income allowed under this subsection or the reduction to federal adjusted gross income allowed under subsection (14) of this section, whichever provides the greater reduction.

(14)(a) For taxable years beginning or deemed to begin on or after January 1, 2021, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced by a percentage of the social security benefits that are received and included in federal adjusted gross income. The pertinent percentage shall be:

(i) Five percent for taxable years beginning or deemed to begin on or after January 1, 2021, and before January 1, 2022, under the Internal Revenue Code of 1986, as amended;

(ii) Forty percent for taxable years beginning or deemed to begin on or after January 1, 2022, and before January 1, 2023, under the Internal Revenue Code of 1986, as amended;

(iii) Sixty percent for taxable years beginning or deemed to begin on or after January 1, 2023, and before January 1, 2024, under the Internal Revenue Code of 1986, as amended; and

(iv) One hundred percent for taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended.

(b) For purposes of this subsection, social security benefits means benefits received under the federal Social Security Act.

(c) For taxable years beginning or deemed to begin on or after January 1, 2021, and before January 1, 2024, under the Internal Revenue Code of 1986, as amended, a taxpayer may claim the reduction to federal adjusted gross income allowed under this subsection or the reduction to federal adjusted gross income allowed under subsection (13) of this section, whichever provides the greater reduction.

(15)(a) For taxable years beginning or deemed to begin on or after January 1, 2015, and before January 1, 2022, under the Internal Revenue Code of 1986, as amended, an individual may make a one-time election within two calendar years after the date of his or her retirement from the military to exclude income received as a military retirement benefit by the individual to the extent included in federal adjusted gross income and as provided in this subdivision. The individual may elect to exclude forty percent of his or her military retirement benefit income for seven consecutive taxable years beginning with the year in which the election is made or may elect to exclude fifteen percent of his or her military retirement benefit income for all taxable years beginning with the year in which he or she turns sixty-seven years of age.

(b) For taxable years beginning or deemed to begin on or after January 1, 2022, under the Internal Revenue Code of 1986, as amended, an individual may exclude one hundred percent of the military retirement benefit income received by such individual to the extent included in federal adjusted gross income.

(c) For purposes of this subsection, military retirement benefit means retirement benefits that are periodic payments attributable to service in the uniformed services of the United States for personal services performed by an individual prior to his or her retirement. The term includes retirement benefits described in this subdivision that are reported to the individual on either:

(i) An Internal Revenue Service Form 1099-R received from the United States Department of Defense; or

(ii) An Internal Revenue Service Form 1099-R received from the United States Office of Personnel Management.

(16) For taxable years beginning or deemed to begin on or after January 1, 2021, under the Internal Revenue Code of 1986, as amended,

federal adjusted gross income shall be reduced by the amount received as a Segal AmeriCorps Education Award, to the extent such amount is included in federal adjusted gross income.

(17) For taxable years beginning or deemed to begin on or after January 1, 2022, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced by the amount received by or on behalf of a firefighter for cancer benefits under the Firefighter Cancer Benefits Act to the extent included in federal adjusted gross income.

(18) There shall be subtracted from the federal adjusted gross income of individuals any amount received by the individual as student loan repayment assistance under the Teach in Nebraska Today Act, to the extent such amount is included in federal adjusted gross income.

(19) For taxable years beginning or deemed to begin on or after January 1, 2023, under the Internal Revenue Code of 1986, as amended, a retired individual who was employed full time as a firefighter or certified law enforcement officer for at least twenty years and who is at least sixty years of age as of the end of the taxable year may reduce his or her federal adjusted gross income by the amount of health insurance premiums paid by such individual during the taxable year, to the extent such premiums were not already deducted in determining the individual's federal adjusted gross income.

(20) For taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended, an individual may reduce his or her federal adjusted gross income by the amounts received as annuities under the Civil Service Retirement System which were earned for being employed by the federal government, to the extent such amounts are included in federal adjusted gross income.

(21) For taxable years beginning or deemed to begin on or after January 1, 2025, under the Internal Revenue Code of 1986, as amended, an individual who is a member of the Nebraska National Guard may exclude one

hundred percent of the income received from any of the following sources to the extent such income is included in the individual's federal adjusted gross income:

(a) Serving in a 32 U.S.C. duty status such as members attending drills, annual training, and military schools and members who are serving in a 32 U.S.C. active guard reserve or active duty for operational support duty status;

(b) Employment as a 32 U.S.C. federal dual-status technician with the Nebraska National Guard; or

(c) Serving in a state active duty status.

(22)(a) For taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended, an individual may reduce his or her federal adjusted gross income by the amount of interest and principal balance of medical debt discharged under the Medical Debt Relief Act, to the extent included in such individual's federal adjusted gross income.

(b) For taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be reduced by the amount of contributions made to the Medical Debt Relief Fund, to the extent not deducted for federal income tax purposes.

(23) For taxable years beginning or deemed to begin on or after January 1, 2025, under the Internal Revenue Code of 1986, as amended, an individual who is a qualifying employee as defined in section 77-3108 may reduce his or her federal adjusted gross income by the amount allowed under section 77-3111.

(24) For taxable years beginning or deemed to begin on or after January 1, 2026, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be reduced by the amounts allowed to be

deducted pursuant to section 77-27,242.

(25) There shall be added to federal adjusted gross income or, for corporations and fiduciaries, federal taxable income for all taxable years beginning on or after January 1, 2025, the amount of any net capital loss that is derived from the sale or exchange of gold or silver bullion to the extent such loss is included in federal adjusted gross income except that such loss shall not be added if the loss is derived from the sale of bullion as a taxable distribution from any retirement plan account that holds gold or silver bullion. For the purposes of this subsection, bullion has the same meaning as in section 77-2704.66.

(26) There shall be subtracted from federal adjusted gross income or, for corporations and fiduciaries, federal taxable income for all taxable years beginning on or after January 1, 2025, the amount of any net capital gain that is derived from the sale or exchange of gold or silver bullion to the extent such gain is included in federal adjusted gross income except that such gain shall not be subtracted if the gain is derived from the sale of bullion as a taxable distribution from any retirement plan account that holds gold or silver bullion. For the purposes of this subsection, bullion has the same meaning as in section 77-2704.66.

<u>(27)(a) Except as provided in subdivision (27)(c) of this section, there shall be subtracted from federal adjusted gross income for taxable years beginning or deemed to begin on or after January 1, 2026:</u>

<u>(i) The amount of contributions made by an account holder under the First-Time Homebuyers Savings Account Act, during the taxable year to the account holder's first-time homebuyer savings accounts, not to exceed the following annual limit:</u>

<u>(A) For married taxpayers who file a joint return and maintain a joint first-time homebuyer savings account, four thousand dollars;</u>

<u>(B) For any other account holder, two thousand dollars; and</u>

<u>(ii) Any income from interest received from the account holder's</u>

first-time homebuyer savings accounts to the extent such income is included in federal adjusted gross income.

(b) For each taxable year beginning on or after January 1, 2027, the dollar amounts set forth in subdivisions (27)(a)(i)(A) and (B) shall be adjusted by the percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics from the twelve months ending on August 31, 2025, to the twelve months ending on August 31 of the year preceding the applicable calendar year. The income eligibility amounts shall be adjusted for cumulative inflation since 2026. If any amount is not a multiple of one hundred dollars, the amount shall be rounded to the next lower multiple of one hundred dollars.

(c) The income tax adjustment provided in subdivision (27)(a) of this section shall not exceed the following aggregate lifetime limit:

(i) For married taxpayers who file a joint return and maintain a joint first-time homebuyer savings account, forty thousand dollars.

(ii) For any other account holder, twenty thousand dollars.

(d) The income tax adjustment provided in subdivision (27)(a) of this section shall not be allowed to an account holder upon one of the following dates, whichever occurs first:

(i) January 1 of the tenth calendar year after the calendar year during which the account holder first opened a first-time homebuyer savings account;

(ii) The date on which funds within an account holder's first-time homebuyer savings account are withdrawn for purposes other than the payment or reimbursement of the designated beneficiary's eligible home costs in connection with a qualified home purchase. Any amount transferred between different first-time homebuyer savings accounts of the same account holder by a person other than the account holder shall not be considered a withdrawal for purposes of this subdivision.

(28)(a) There shall be added to federal adjusted gross income, only to the extent of all lifetime subtractions from an account holder's federal adjusted gross income under subsection (27) of this section, for taxable years beginning or deemed to begin on or after January 1, 2026, the amount withdrawn during the taxable year from an account holder's first-time homebuyer savings account for purposes other than the payment or reimbursement of the designated beneficiary's eligible home costs in connection with a qualified home purchase.

(b) Any amount remaining in an account holder's first-time homebuyer savings account on January 1 of the tenth calendar year after the calendar year during which the account holder first opened a first-time homebuyer savings account shall be considered immediately withdrawn under subdivision (28)(a) of this section.

(c) The transfer of amounts between different first-time homebuyer accounts of the same account holder by a person other than the account holder shall not cause such transfer to be considered a withdrawal under subdivision (28)(a) of this section.

(d) For any amount considered a withdrawal required to be added to federal adjusted gross income pursuant to subdivision (28)(a) of this section, the account holder shall be assessed a penalty equal to ten percent of the amount of the withdrawal. The penalty shall not apply to withdrawals made by reason of the death of the account holder, or to withdrawals made pursuant to a garnishment, levy, or other order, including, but not limited to, an order in bankruptcy following a filing for protection under 11 U.S.C. 101 et seq. The Department of Revenue shall collect the penalties and remit them to the State Treasurer for distribution in accordance with Article VII, section 5, of the Constitution of Nebraska.

(29) There shall be added to federal adjusted gross income for taxable years beginning or deemed to begin on or after January 1, 2026, the amount of eligible home costs in connection with a qualified home purchase that were paid or reimbursed from funds in a first-time

homebuyer savings account established under the First-Time Homebuyers Savings Account Act and that were subtracted from federal adjusted gross income, except that subtractions to federal adjusted gross income under subsection (27) of this section shall not be included.

Sec. 2. Sections 2 to 8 of this act shall be known and may be cited as the First-Time Homebuyer Savings Account Act.

Sec. 3. For purposes of the First-Time Homebuyer Savings Account Act, unless the context otherwise requires:

(1) Account holder means an individual who establishes, either individually or jointly with the individual's spouse, a first-time homebuyer savings account pursuant to section 4 of this act;

(2) Department means the Department of Revenue;

(3) Designated beneficiary means an individual meeting the requirements of section 5 of this act, and designated by an account holder as beneficiary of the account holder's first-time homebuyer savings account pursuant to section 5 of this act;

(4)(a) Eligible home cost means the following:

(i) The down payment for the purchase of a single-family residence in Nebraska by a designated beneficiary; and

(ii) A cost, fee, tax, or payment incurred by, or charged or assigned to, a designated beneficiary for the purchase of a single-family residence in Nebraska, and listed on the statement of receipts and disbursements for the sale, including any statement prescribed by 12 C.F.R. 1026.38.

(b) Eligible home cost includes any United States veterans administration funding fee incurred by, or charged or assigned to, a designated beneficiary in connection with a veterans administration home loan guaranty program;

(5) Financial institution means a state or federally chartered bank, savings and loan association, credit union, or trust company in this state;

(6) First-time homebuyer means an individual who is a resident of Nebraska and who does not own, either individually or jointly, a single-family or multifamily residence, and who has not owned or purchased, either individually or jointly, a single-family or multifamily residence for a period of three years prior to both of the following:

(a) The date on which the individual is named as a designated beneficiary of a first-time homebuyer savings account; and

(b) The date of the qualified home purchase for which the eligible home costs are paid or reimbursed from a first-time homebuyer savings account;

(7) First-time homebuyer savings account means an account that meets the requirements of sections 4, 5, and 6 of this act and that was established for the purpose of paying or reimbursing a designated beneficiary's eligible home costs in connection with a qualified home purchase;

(8) Individual means a natural person;

(9) Qualified home purchase means, with respect to a first-time homebuyer savings account, the purchase of a single-family residence in Nebraska by the account's designated beneficiary ninety or more days after the date the account holder first opened a first-time homebuyer savings account;

(10) Resident means any individual domiciled in the state or who maintains a permanent place of abode within the state; and

(11) Single-family residence means a single-family residence owned and occupied by a designated beneficiary as the designated beneficiary's principal residence, including, but not limited to, a manufactured home, mobile home, condominium unit, or cooperative.

Sec. 4. (1) An individual may open an interest-bearing savings account with a financial institution and designate the entire account as a first-time homebuyer savings account for the purpose of paying or reimbursing a designated beneficiary's eligible home costs in connection with a qualified home purchase. The first-time homebuyer savings account designation shall be made on forms provided by the department and shall be submitted on or before the date prescribed in section 77-2768 for filing an individual income tax return, excluding extensions, applicable to the tax year in which the account is opened.

(2) A married couple electing to file a joint Nebraska individual income tax return may establish a joint first-time homebuyer savings account. Married taxpayers electing to file separate tax returns for Nebraska tax purposes shall not establish or maintain a joint first-time homebuyer savings account.

Sec. 5. (1) An individual may establish more than one first-time homebuyer savings account, provided each account has a different designated beneficiary.

(2) The account holder shall designate one individual as beneficiary of the first-time homebuyer savings account. The designation shall be made on forms provided by the department and shall be submitted on or before the date prescribed in section 77-2768 for filing an individual income tax return, excluding extensions, applicable to the tax year in which the designation is made. The account holder may change the designated beneficiary of the first-time homebuyer savings account at any time.

(3) The account holder and designated beneficiary of a first-time homebuyer savings account may be the same individual.

(4) An individual may be the designated beneficiary of more than one first-time homebuyer savings account.

(5) The designated beneficiary of a first-time homebuyer savings account shall be a first-time homebuyer.

Sec. 6. (1) Contributions to a first-time homebuyer savings account may be made by any person in the form of cash. There is no limitation on the amount of contributions that may be made to or retained in a first-time homebuyer savings account.

LB151
2025

(2) The account holder shall not use funds held in a first-time homebuyer savings account to pay expenses, if any, of administering the account, except that all fees and charges assessed by the financial institution may be deducted from the account by the financial institution where the account is held.

(3) The account holder shall submit the following information to the department:

(a) An annual report for the first-time homebuyer savings account on forms furnished by the department. The report shall be included with the Nebraska income tax return of the account holder;

(b) A copy of the Internal Revenue Service Form 1099, or other similar Internal Revenue Service income reporting form, if any, issued for the first-time homebuyer savings account to the account holder by the financial institution where the account is held. The form shall be included with the Nebraska income tax return of the account holder; and

(c) Upon a withdrawal of funds from a first-time homebuyer savings account, a transaction report on forms furnished by the department.

(4) The account holder may withdraw funds from a first-time homebuyer savings account at any time.

Sec. 7. Nothing in the First-Time Homebuyers Savings Account Act shall be construed to require a financial institution to do any of the following, or to be responsible or liable for any of the following:

(1) Designate or label within the financial institution's account contracts, systems, or in any other manner, an account as a first-time homebuyer savings account;

(2) Ascertain or verify the purpose of a withdrawal of funds from a first-time homebuyer savings account, or track the destination or use of the withdrawn funds;

(3) Allocate funds in a first-time homebuyer savings account to a designated beneficiary or among joint account holders;

(4) Report any information to the department or any other

governmental agency;

(5) Determine or ensure that an account satisfies the requirements to be a first-time homebuyer savings account;

(6) Determine or ensure that funds withdrawn from a first-time homebuyer savings account are used for the payment or reimbursement of a designated beneficiary's eligible home costs in connection with a qualified home purchase;

(7) Report or remit taxes or penalties related to the ownership or use of a first-time homebuyer savings account; or

(8) Include the name of a beneficiary in the title of a first-time homebuyer savings account, or document the change of any beneficiary to a first-time homebuyer savings account.

Sec. 8. (1) The department shall adopt and promulgate rules and regulations to implement the First-Time Homebuyers Savings Account Act.

(2) The department shall create and make available forms to be used in complying with the act, including, but not limited to, the following:

(a) A form for designating an account as a first-time homebuyer savings account pursuant to section 4 of this act;

(b) A form for designating an individual as beneficiary of a first-time homebuyer savings account pursuant to section 5 of this act;

(c) A first-time homebuyer savings account annual report as required in subdivision (3)(a) of section 6 of this act. The report shall require, at a minimum, a list of transactions occurring on the account during the taxable year, and shall identify any supporting documentation to be included with the report or maintained by the taxpayer; and

(d) A transaction report as required in subdivision (3)(c) of section 6 of this act. The report shall require, at a minimum, information regarding the eligible home costs to which any withdrawn funds were applied in connection with a qualified home purchase, and information regarding the amount of funds remaining, if any, in a first-time homebuyer savings account.

LB151
2025

Sec. 9. This act becomes operative on January 1, 2026.

Sec. 10. Original section 77-2716, Revised Statutes Cumulative Supplement, 2024, is repealed.