

AMENDMENTS TO LB647

Introduced by Revenue.

1           1. Strike the original sections and insert the following new  
2 sections:

3           **Sec. 21.** Section 68-1201, Revised Statutes Cumulative Supplement,  
4 2024, is amended to read:

5           68-1201 (1) In determining eligibility for the program for aid to  
6 dependent children pursuant to section 43-512 as administered by the  
7 State of Nebraska pursuant to the federal Temporary Assistance for Needy  
8 Families program, 42 U.S.C. 601 et seq., for the low-income home energy  
9 assistance program administered by the State of Nebraska pursuant to the  
10 federal Energy Policy Act of 2005, 42 U.S.C. 8621 to 8630, for the  
11 Supplemental Nutrition Assistance Program administered by the State of  
12 Nebraska pursuant to the federal Food and Nutrition Act of 2008, 7 U.S.C.  
13 2011 et seq., and for the child care subsidy program established pursuant  
14 to section 68-1202, the following shall not be included in determining  
15 assets or income:

16           (a) Assets in or income from an educational savings account, a  
17 Coverdell educational savings account described in 26 U.S.C. 530, a  
18 qualified tuition program established pursuant to 26 U.S.C. 529, or any  
19 similar savings account or plan established to save for qualified higher  
20 education expenses as defined in section 36 of this act ~~85-1802~~;

21           (b) Income from scholarships or grants related to postsecondary  
22 education, whether merit-based, need-based, or a combination thereof;

23           (c) Income from postsecondary educational work-study programs,  
24 whether federally funded, funded by a postsecondary educational  
25 institution, or funded from any other source;

26           (d) Assets in or income from an account under a qualified program as  
27 provided in section 77-1402;

1 (e) Income received for participation in grant-funded research on  
2 the impact that income has on the development of children in low-income  
3 families, except that such exclusion of income must not exceed four  
4 thousand dollars per year for a maximum of eight years and such exclusion  
5 shall only be made if the exclusion is permissible under federal law for  
6 each program referenced in this section. No such exclusion shall be made  
7 for such income on or after December 31, 2026; and

8 (f) Income from any tax credits received pursuant to the School  
9 Readiness Tax Credit Act.

10 (2) In determining eligibility for the program for aid to dependent  
11 children pursuant to section 43-512 as administered by the State of  
12 Nebraska pursuant to the federal Temporary Assistance for Needy Families  
13 program, 42 U.S.C. 601 et seq., passed-through child support as described  
14 in section 43-512.07, shall not be included in determining assets or  
15 income.

16 **Sec. 22.** Section 72-1239.01, Revised Statutes Cumulative Supplement,  
17 2024, is amended to read:

18 72-1239.01 (1)(a) The appointed members of the council shall have  
19 the responsibility for the investment management of the assets of the  
20 retirement systems administered by the Public Employees Retirement Board  
21 as provided in section 84-1503, the assets of the Nebraska educational  
22 savings plan trust as provided in section 40 of this act ~~created pursuant~~  
23 ~~to sections 85-1801 to 85-1817~~, the assets of the achieving a better life  
24 experience program pursuant to sections 77-1401 to 77-1409, and beginning  
25 January 1, 2017, the assets of each retirement system provided for under  
26 the Class V School Employees Retirement Act. Except as provided in  
27 subsection (4) of this section, the appointed members shall be deemed  
28 fiduciaries with respect to the investment of the assets of the  
29 retirement systems, of the Nebraska educational savings plan trust, and  
30 of the achieving a better life experience program and shall be held to  
31 the standard of conduct of a fiduciary specified in subsection (3) of

1 this section. The nonvoting, ex officio members of the council shall not  
2 be deemed fiduciaries.

3 (b) As fiduciaries, the appointed members of the council and the  
4 state investment officer shall discharge their duties with respect to the  
5 assets of the retirement systems, of the Nebraska educational savings  
6 plan trust, and of the achieving a better life experience program solely  
7 in the interests of the members and beneficiaries of the retirement  
8 systems or the interests of the participants and beneficiaries of the  
9 Nebraska educational savings plan trust and the achieving a better life  
10 experience program, as the case may be, for the exclusive purposes of  
11 providing benefits to members, members' beneficiaries, participants, and  
12 participants' beneficiaries and defraying reasonable expenses incurred  
13 within the limitations and according to the powers, duties, and purposes  
14 prescribed by law.

15 (2)(a) The appointed members of the council shall have the  
16 responsibility for the investment management of the assets of state  
17 funds. The appointed members shall be deemed fiduciaries with respect to  
18 the investment of the assets of state funds and shall be held to the  
19 standard of conduct of a fiduciary specified in subsection (3) of this  
20 section. The nonvoting, ex officio members of the council shall not be  
21 deemed fiduciaries.

22 (b) As fiduciaries, the appointed members of the council and the  
23 state investment officer shall discharge their duties with respect to the  
24 assets of state funds solely in the interests of the citizens of the  
25 state within the limitations and according to the powers, duties, and  
26 purposes prescribed by law.

27 (3) The appointed members of the council shall act with the care,  
28 skill, prudence, and diligence under the circumstances then prevailing  
29 that a prudent person acting in like capacity and familiar with such  
30 matters would use in the conduct of an enterprise of a like character and  
31 with like aims by diversifying the investments of the assets of the

1 retirement systems, the Nebraska educational savings plan trust, the  
2 achieving a better life experience program, and state funds so as to  
3 minimize risk of large losses, unless in light of such circumstances it  
4 is clearly prudent not to do so. No assets of the retirement systems, the  
5 Nebraska educational savings plan trust, or the achieving a better life  
6 experience program shall be invested or reinvested if the sole or primary  
7 investment objective is for economic development or social purposes or  
8 objectives.

9 (4) Neither the appointed members of the council nor the state  
10 investment officer shall be deemed fiduciaries with respect to  
11 investments of the assets of a retirement system provided for under the  
12 Class V School Employees Retirement Act made by or on behalf of the board  
13 of education as defined in section 79-978 or the board of trustees  
14 provided for in section 79-980. Neither the council nor any member  
15 thereof nor the state investment officer shall be liable for the action  
16 or inaction of the board of education or the board of trustees with  
17 respect to the investment of the assets of a retirement system provided  
18 for under the Class V School Employees Retirement Act, the consequences  
19 of any such action or inaction of the board of education or the board of  
20 trustees, and any claims, suits, losses, damages, fees, and costs related  
21 to such action or inaction or consequences thereof.

22 **Sec. 25.** Section 77-3,110, Revised Statutes Cumulative Supplement,  
23 2024, is amended to read:

24 77-3,110 (1) All funds received pursuant to sections 77-3,109 and  
25 77-3,118 shall be remitted to the State Treasurer for credit to the  
26 Department of Revenue Miscellaneous Receipts Fund which is hereby  
27 created.

28 ~~(2) On or before September 1, 2020, the State Treasurer shall~~  
29 ~~transfer fifty-nine thousand five hundred dollars from the College~~  
30 ~~Savings Plan Expense Fund to the Department of Revenue Miscellaneous~~  
31 ~~Receipts Fund.~~

1           (2) ~~(3)~~ All money in the Department of Revenue Miscellaneous  
2 Receipts Fund shall be administered by the Department of Revenue and  
3 shall be used as follows: ~~(a) Any money transferred to the fund under~~  
4 ~~subsection (2) of this section shall be used by the Department of Revenue~~  
5 ~~to defray the costs incurred to implement Laws 2020, LB1042; and (b) All~~  
6 ~~other funds shall be used to defray the cost of production of the~~  
7 publications listed in section 77-3,109 or of the listings described in  
8 section 77-3,118 and to carry out any administrative responsibilities of  
9 the department.

10           (3) ~~(4)~~ Transfers may be made from the fund to the General Fund at  
11 the direction of the Legislature. Any money in the Department of Revenue  
12 Miscellaneous Receipts Fund available for investment shall be invested by  
13 the state investment officer pursuant to the Nebraska Capital Expansion  
14 Act and the Nebraska State Funds Investment Act.

15           **Sec. 30.** Section 77-2716, Revised Statutes Cumulative Supplement,  
16 2024, is amended to read:

17           77-2716 (1) The following adjustments to federal adjusted gross  
18 income or, for corporations and fiduciaries, federal taxable income shall  
19 be made for interest or dividends received:

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

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

30           (b) There shall be subtracted that portion of the total dividends  
31 and other income received from a regulated investment company which is

1 attributable to obligations described in subdivision (a) of this  
2 subsection as reported to the recipient by the regulated investment  
3 company;

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

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

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

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

26 (2) There shall be allowed a net operating loss derived from or  
27 connected with Nebraska sources computed under rules and regulations  
28 adopted and promulgated by the Tax Commissioner consistent, to the extent  
29 possible under the Nebraska Revenue Act of 1967, with the laws of the  
30 United States. For a resident individual, estate, or trust, the net  
31 operating loss computed on the federal income tax return shall be

1 adjusted by the modifications contained in this section. For a  
2 nonresident individual, estate, or trust or for a partial-year resident  
3 individual, the net operating loss computed on the federal return shall  
4 be adjusted by the modifications contained in this section and any  
5 carryovers or carrybacks shall be limited to the portion of the loss  
6 derived from or connected with Nebraska sources.

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

13 (4) Federal adjusted gross income, or, for a fiduciary, federal  
14 taxable income shall be modified to exclude the portion of the income or  
15 loss received from a small business corporation with an election in  
16 effect under subchapter S of the Internal Revenue Code or from a limited  
17 liability company organized pursuant to the Nebraska Uniform Limited  
18 Liability Company Act that is not derived from or connected with Nebraska  
19 sources as determined in section 77-2734.01.

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

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

31 (a) The amount of federal taxable income from operations within a

1 foreign taxing jurisdiction shall be reduced by the amount of taxes  
2 actually paid to the foreign jurisdiction that are not deductible solely  
3 because the foreign tax credit was elected on the federal income tax  
4 return;

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

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

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

15 (8)(a) Federal adjusted gross income or, for corporations and  
16 fiduciaries, federal taxable income shall be reduced, to the extent  
17 included, by income from interest, earnings, and state contributions  
18 received from the Nebraska educational savings plan trust as provided  
19 ~~created~~ in sections 35-85-1801 to 50 of this act 85-1817 and any account  
20 established under the achieving a better life experience program as  
21 provided in sections 77-1401 to 77-1409.

22 (b) Federal adjusted gross income or, for corporations and  
23 fiduciaries, federal taxable income shall be reduced by any contributions  
24 as a participant in the Nebraska educational savings plan trust or  
25 contributions to an account established under the achieving a better life  
26 experience program made for the benefit of a beneficiary as provided in  
27 sections 77-1401 to 77-1409, to the extent not deducted for federal  
28 income tax purposes, but not to exceed five thousand dollars per married  
29 filing separate return or ten thousand dollars for any other return. With  
30 respect to a qualified rollover within the meaning of section 529 of the  
31 Internal Revenue Code from another state's plan, any interest, earnings,

1 and state contributions received from the other state's educational  
2 savings plan which is qualified under section 529 of the code shall  
3 qualify for the reduction provided in this subdivision. For contributions  
4 by a custodian of a custodial account including rollovers from another  
5 custodial account, the reduction shall only apply to funds added to the  
6 custodial account after January 1, 2014.

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

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

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

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

25 (9)(a) For income tax returns filed after September 10, 2001, for  
26 taxable years beginning or deemed to begin before January 1, 2006, under  
27 the Internal Revenue Code of 1986, as amended, federal adjusted gross  
28 income or, for corporations and fiduciaries, federal taxable income shall  
29 be increased by eighty-five percent of any amount of any federal bonus  
30 depreciation received under the federal Job Creation and Worker  
31 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,

1 under section 168(k) or section 1400L of the Internal Revenue Code of  
2 1986, as amended, for assets placed in service after September 10, 2001,  
3 and before December 31, 2005.

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

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

15 (d) The amount of bonus depreciation added to federal adjusted gross  
16 income or, for corporations and fiduciaries, federal taxable income by  
17 this subsection shall be subtracted in a later taxable year. Twenty  
18 percent of the total amount of bonus depreciation added back by this  
19 subsection for tax years beginning or deemed to begin before January 1,  
20 2003, under the Internal Revenue Code of 1986, as amended, may be  
21 subtracted in the first taxable year beginning or deemed to begin on or  
22 after January 1, 2005, under the Internal Revenue Code of 1986, as  
23 amended, and twenty percent in each of the next four following taxable  
24 years. Twenty percent of the total amount of bonus depreciation added  
25 back by this subsection for tax years beginning or deemed to begin on or  
26 after January 1, 2003, may be subtracted in the first taxable year  
27 beginning or deemed to begin on or after January 1, 2006, under the  
28 Internal Revenue Code of 1986, as amended, and twenty percent in each of  
29 the next four following taxable years.

30 (10) For taxable years beginning or deemed to begin on or after  
31 January 1, 2003, and before January 1, 2006, under the Internal Revenue

1 Code of 1986, as amended, federal adjusted gross income or, for  
2 corporations and fiduciaries, federal taxable income shall be increased  
3 by the amount of any capital investment that is expensed under section  
4 179 of the Internal Revenue Code of 1986, as amended, that is in excess  
5 of twenty-five thousand dollars that is allowed under the federal Jobs  
6 and Growth Tax Act of 2003. Twenty percent of the total amount of  
7 expensing added back by this subsection for tax years beginning or deemed  
8 to begin on or after January 1, 2003, may be subtracted in the first  
9 taxable year beginning or deemed to begin on or after January 1, 2006,  
10 under the Internal Revenue Code of 1986, as amended, and twenty percent  
11 in each of the next four following tax years.

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

20 (b) For taxable years beginning or deemed to begin before January 1,  
21 2018, under the Internal Revenue Code of 1986, as amended, federal  
22 adjusted gross income shall be increased by the withdrawals made as a  
23 participant in the Nebraska long-term care savings plan under the act by  
24 a person who is not a qualified individual or for any reason other than  
25 transfer of funds to a spouse, long-term care expenses, long-term care  
26 insurance premiums, or death of the participant, including withdrawals  
27 made by reason of cancellation of the participation agreement, to the  
28 extent previously deducted as a contribution or as investment earnings.

29 (12) There shall be added to federal adjusted gross income for  
30 individuals, estates, and trusts any amount taken as a credit for  
31 franchise tax paid by a financial institution under sections 77-3801 to

1 77-3807 as allowed by subsection (5) of section 77-2715.07.

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

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

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

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

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

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

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

31 (ii) Forty percent for taxable years beginning or deemed to begin on

1 or after January 1, 2022, and before January 1, 2023, under the Internal  
2 Revenue Code of 1986, as amended;

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

6 (iv) One hundred percent for taxable years beginning or deemed to  
7 begin on or after January 1, 2024, under the Internal Revenue Code of  
8 1986, as amended.

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

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

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

29 (b) For taxable years beginning or deemed to begin on or after  
30 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an  
31 individual may exclude one hundred percent of the military retirement

1 benefit income received by such individual to the extent included in  
2 federal adjusted gross income.

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

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

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

13 (16) For taxable years beginning or deemed to begin on or after  
14 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
15 federal adjusted gross income shall be reduced by the amount received as  
16 a Segal AmeriCorps Education Award, to the extent such amount is included  
17 in federal adjusted gross income.

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

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

28 (19) For taxable years beginning or deemed to begin on or after  
29 January 1, 2023, under the Internal Revenue Code of 1986, as amended, a  
30 retired individual who was employed full time as a firefighter or  
31 certified law enforcement officer for at least twenty years and who is at

1 least sixty years of age as of the end of the taxable year may reduce his  
2 or her federal adjusted gross income by the amount of health insurance  
3 premiums paid by such individual during the taxable year, to the extent  
4 such premiums were not already deducted in determining the individual's  
5 federal adjusted gross income.

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

12 (21) For taxable years beginning or deemed to begin on or after  
13 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an  
14 individual who is a member of the Nebraska National Guard may exclude one  
15 hundred percent of the income received from any of the following sources  
16 to the extent such income is included in the individual's federal  
17 adjusted gross income:

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

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

24 (c) Serving in a state active duty status.

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

31 (b) For taxable years beginning or deemed to begin on or after

1 January 1, 2024, under the Internal Revenue Code of 1986, as amended,  
2 federal adjusted gross income or, for corporations and fiduciaries,  
3 federal taxable income shall be reduced by the amount of contributions  
4 made to the Medical Debt Relief Fund, to the extent not deducted for  
5 federal income tax purposes.

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

11 (24) For taxable years beginning or deemed to begin on or after  
12 January 1, 2026, under the Internal Revenue Code of 1986, as amended,  
13 federal adjusted gross income or, for corporations and fiduciaries,  
14 federal taxable income shall be reduced by the amounts allowed to be  
15 deducted pursuant to section 77-27,242.

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

25 (26) There shall be subtracted from federal adjusted gross income  
26 or, for corporations and fiduciaries, federal taxable income for all  
27 taxable years beginning on or after January 1, 2025, the amount of any  
28 net capital gain that is derived from the sale or exchange of gold or  
29 silver bullion to the extent such gain is included in federal adjusted  
30 gross income except that such gain shall not be subtracted if the gain is  
31 derived from the sale of bullion as a taxable distribution from any

1 retirement plan account that holds gold or silver bullion. For the  
2 purposes of this subsection, bullion has the same meaning as in section  
3 77-2704.66.

4 **Sec. 35.** Section 85-1801, Reissue Revised Statutes of Nebraska, is  
5 amended to read:

6 ~~85-1801~~ The Legislature finds that the general welfare and well-  
7 being of the state are directly related to educational levels and skills  
8 of the citizens of the state and that a vital and valid public purpose is  
9 served by the creation and implementation of programs which encourage and  
10 make possible the attainment of higher levels of education by the  
11 greatest number of citizens of the state. The state has limited resources  
12 to provide additional programs for ~~higher~~ education funding and the  
13 continued operation and maintenance of the state's public institutions of  
14 elementary, secondary, and postsecondary ~~higher~~ education, and the  
15 general welfare of the citizens of the state will be enhanced by  
16 establishing a program which allows parents and others interested in the  
17 ~~higher~~ education of our youth to invest money in a public trust for  
18 future application to the payment of qualified ~~higher~~ education expenses.  
19 The creation of the means of encouragement for persons to invest in such  
20 a program represents the carrying out of a vital and valid public  
21 purpose. In order to make available to parents and others interested in  
22 the ~~higher~~ education of our youth an opportunity to fund future ~~higher~~  
23 education needs, it is necessary that a public trust be established in  
24 which money may be invested for future educational use.

25 **Sec. 36.** Section 85-1802, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27 ~~85-1802~~ For purposes of sections 35 ~~85-1801~~ to 50 of this act  
28 ~~85-1817~~:

29 (1) Administrative fund means the Education College Savings Plan  
30 Administrative Fund created in section 40 of this act ~~85-1807~~;

31 (2) Beneficiary means the individual designated by a participation

1 agreement to benefit from advance payments of qualified ~~higher~~ education  
2 expenses on behalf of the beneficiary;

3 (3) Benefits means the payment of qualified ~~higher~~ education  
4 expenses on behalf of a beneficiary or, in the case of a qualified  
5 education loan payment, on behalf of a beneficiary or the sibling of a  
6 beneficiary by the Nebraska educational savings plan trust;

7 (4) Eligible postsecondary educational institution means an  
8 institution described in 20 U.S.C. 1088 which is eligible to participate  
9 in a program under Title IV of the federal Higher Education Act of 1965;

10 (5) Expense fund means the Education College Savings Plan Expense  
11 Fund created in section 40 of this act 85-1807;

12 (6) Nebraska educational savings plan trust means the trust created  
13 in section 37 of this act 85-1804;

14 (7) Nonqualified withdrawal refers to (a) a distribution from an  
15 account to the extent it is not used to pay the qualified ~~higher~~  
16 education expenses of the beneficiary or, in the case of a qualified  
17 education loan payment, to the extent it is not used to pay the qualified  
18 ~~higher~~ education expenses of the beneficiary or a sibling of the  
19 beneficiary or to the extent it does not constitute a rollover to a Roth  
20 individual retirement account as permitted by section 529 of the Internal  
21 Revenue Code, (b) a qualified rollover permitted by section 529 of the  
22 Internal Revenue Code where the funds are transferred to a qualified  
23 tuition program sponsored by another state or entity, or (c) until  
24 January 1, 2029, a distribution from an account to pay the costs of  
25 attending kindergarten through grade twelve;

26 (8) Participant or account owner means an individual, an  
27 individual's legal representative, or any other legal entity authorized  
28 to establish a savings account under section 529 of the Internal Revenue  
29 Code who has entered into a participation agreement for the advance  
30 payment of qualified ~~higher~~ education expenses on behalf of a  
31 beneficiary. For purposes of section 77-2716, as to contributions by a

1 custodian to a custodial account established pursuant to the Nebraska  
2 Uniform Transfers to Minors Act or similar law in another state, which  
3 account has been established under a participation agreement, participant  
4 includes the parent or guardian of a minor, which parent or guardian is  
5 also the custodian of the account;

6 (9) Participation agreement means an agreement between a participant  
7 and the Nebraska educational savings plan trust entered into under  
8 sections ~~35 85-1801~~ to ~~50 of this act 85-1817~~;

9 (10) Program fund means the Education College Savings Plan Program  
10 Fund created in section ~~40 of this act 85-1807~~;

11 (11) Qualified education loan payment means the payment of principal  
12 or interest on a qualified education loan as defined in 26 U.S.C. 221(d),  
13 as such section existed on January 1, 2022, of the beneficiary or a  
14 sibling of the beneficiary as described in 26 U.S.C. 152(d)(2)(B), as  
15 such section existed on January 1, 2022. For purposes of this  
16 subdivision, the aggregate total of qualified education loan payments for  
17 the qualified education loans of a single beneficiary or sibling shall  
18 not exceed ten thousand dollars for all taxable years combined. The  
19 aggregate total for qualified education loan payments for the qualified  
20 education loans of a sibling of a beneficiary shall be calculated with  
21 respect to such sibling and not with respect to the beneficiary and shall  
22 include all qualified education loan payments for loans of such sibling,  
23 including any qualified education loan payments for which such sibling is  
24 the beneficiary or the sibling of a beneficiary;

25 ~~(12)(a) (12)~~ Qualified higher education expenses means:

26 ~~(i) The~~ the certified costs of tuition, and fees, books, supplies,  
27 and equipment required ~~(A) (a)~~ for enrollment or attendance at an  
28 eligible postsecondary educational institution or ~~(B) (b)~~ for costs  
29 incurred on or after January 1, 2021, for participation in an  
30 apprenticeship program registered and certified with the United States  
31 Secretary of Labor under 29 U.S.C. 50, as such section existed on January

1 1, 2021; -

2 (ii) Reasonable room and board expenses, based on the minimum amount  
3 applicable for the eligible postsecondary educational institution during  
4 the period of enrollment, ~~shall be included as qualified higher~~  
5 ~~education expenses~~ for those students enrolled on at least a half-time  
6 basis; -

7 (iii) In the case of a special needs beneficiary, expenses for  
8 special needs services incurred in connection with enrollment or  
9 attendance at an eligible postsecondary educational institution; ~~shall be~~  
10 ~~included as qualified higher education expenses.~~

11 (iv) Expenses paid or incurred on or after January 1, 2022, for the  
12 purchase of computer technology or equipment or Internet access and  
13 related services in connection with enrollment or attendance at an  
14 eligible postsecondary educational institution, subject to the  
15 limitations set forth in section 529 of the Internal Revenue Code; -  
16 ~~shall be included as qualified higher education expenses.~~

17 (v) ~~Qualified higher education expenses includes qualified education~~  
18 ~~loan payments; or -~~

19 (vi) Beginning January 1, 2029, expenses for tuition in connection  
20 with enrollment or attendance at an elementary or secondary school but  
21 does not include any amounts in excess of ten thousand dollars per  
22 beneficiary per taxable year.

23 (b) ~~Qualified higher education expenses~~ does not include any amounts  
24 in excess of those allowed by section 529 of the Internal Revenue Code;

25 (13) Section 529 of the Internal Revenue Code means such section of  
26 the code and the regulations interpreting such section; and

27 (14) ~~Tuition and fees~~ means:

28 (a) Beginning January 1, 2029, for purposes of an elementary or  
29 secondary school, the charges imposed for tuition in connection with  
30 enrollment or attendance at such elementary or secondary school; and

31 (b) For purposes of an eligible postsecondary educational

1 institution, the quarter or semester charges imposed to attend an  
2 eligible postsecondary educational institution.

3 **Sec. 37.** Section 85-1804, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 ~~85-1804~~ The Nebraska educational savings plan trust is created. The  
6 State Treasurer is the trustee of the trust and as such is responsible  
7 for the administration, operation, and maintenance of the program and has  
8 all powers necessary to carry out and effectuate the purposes,  
9 objectives, and provisions of sections 35 ~~85-1801~~ to 50 of this act  
10 ~~85-1817~~ pertaining to the administration, operation, and maintenance of  
11 the trust and program, except that the state investment officer shall  
12 have fiduciary responsibility to make all decisions regarding the  
13 investment of the money in the administrative fund, expense fund, and  
14 program fund, including the selection of all investment options and the  
15 approval of all fees and other costs charged to trust assets except costs  
16 for administration, operation, and maintenance of the trust as  
17 appropriated by the Legislature, pursuant to the directions, guidelines,  
18 and policies established by the Nebraska Investment Council. The State  
19 Treasurer may adopt and promulgate rules and regulations to provide for  
20 the efficient administration, operation, and maintenance of the trust and  
21 program. The State Treasurer shall not adopt and promulgate rules and  
22 regulations that in any way interfere with the fiduciary responsibility  
23 of the state investment officer to make all decisions regarding the  
24 investment of money in the administrative fund, expense fund, and program  
25 fund. The State Treasurer or his or her designee shall have the power to:

26 (1) Enter into agreements with any eligible postsecondary  
27 educational institution, the state, any federal or other state agency, or  
28 any other entity to implement sections 35 ~~85-1801~~ to 50 of this act  
29 ~~85-1817~~, except agreements which pertain to the investment of money in  
30 the administrative fund, expense fund, or program fund;

31 (2) Beginning January 1, 2029, enter into agreements with any

1 elementary or secondary school to implement sections 35 to 50 of this  
2 act, except agreements which pertain to the investment of money in the  
3 administrative fund, expense fund, or program fund;

4 (3) (2) Carry out the duties and obligations of the trust;

5 (4) (3) Carry out studies and projections to advise participants  
6 regarding present and estimated future qualified higher education  
7 expenses and levels of financial participation in the trust required in  
8 order to enable participants to achieve their educational funding  
9 objectives;

10 (5) (4) Participate in any federal, state, or local governmental  
11 program for the benefit of the trust;

12 (6) (5) Procure insurance against any loss in connection with the  
13 property, assets, or activities of the trust as provided in section  
14 81-8,239.01;

15 (7) (6) Enter into participation agreements with participants;

16 (8) (7) Make payments to elementary or secondary schools or eligible  
17 postsecondary educational institutions pursuant to participation  
18 agreements on behalf of beneficiaries and make qualified education loan  
19 payments on behalf of beneficiaries or their siblings;

20 (9) (8) Make distributions to participants upon the termination of  
21 participation agreements pursuant to the provisions, limitations, and  
22 restrictions set forth in sections 35 85-1801 to 50 of this act 85-1817;

23 (10) (9) Contract for goods and services and engage personnel as  
24 necessary, including consultants, actuaries, managers, legal counsels,  
25 and auditors for the purpose of rendering professional, managerial, and  
26 technical assistance and advice regarding trust administration and  
27 operation, except contracts which pertain to the investment of the  
28 administrative, expense, or program funds; and

29 (11) (10) Establish, impose, and collect administrative fees and  
30 charges in connection with transactions of the trust, and provide for  
31 reasonable service charges, including penalties for cancellations and

1 late payments with respect to participation agreements.

2 The Nebraska Investment Council may adopt and promulgate rules and  
3 regulations to provide for the prudent investment of the assets of the  
4 trust. The council or its designee also has the authority to select and  
5 enter into agreements with individuals and entities to provide investment  
6 advice and management of the assets held by the trust, establish  
7 investment guidelines, objectives, and performance standards with respect  
8 to the assets held by the trust, and approve any fees, commissions, and  
9 expenses, which directly or indirectly affect the return on assets.

10 **Sec. 38.** Section 85-1805, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

12 ~~85-1805~~ Any advertising or promotional materials relating to the  
13 Nebraska educational savings plan trust may include references to a  
14 public office but shall not refer to an officeholder by name.

15 **Sec. 39.** Section 85-1806, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 ~~85-1806~~ The Nebraska educational savings plan trust may enter into  
18 participation agreements with participants on behalf of beneficiaries  
19 pursuant to the following terms and conditions:

20 (1) A participation agreement shall authorize a participant to make  
21 contributions to an account which is established for the purpose of  
22 meeting the qualified ~~higher~~ education expenses of a beneficiary as  
23 allowed by section 529 of the Internal Revenue Code. A participant shall  
24 not be required to make an annual contribution on behalf of a  
25 beneficiary, shall not be subject to minimum contribution requirements,  
26 and shall not be required to maintain a minimum account balance. The  
27 maximum contribution shall not exceed the amount allowed under section  
28 529 of the Internal Revenue Code. The State Treasurer may set a maximum  
29 cumulative contribution, as necessary, to maintain compliance with  
30 section 529 of the Internal Revenue Code. Participation agreements may be  
31 amended to provide for adjusted levels of contributions based upon

1 changed circumstances or changes in educational plans or to ensure  
2 compliance with section 529 of the Internal Revenue Code or any other  
3 applicable laws and regulations;

4 (2) Beneficiaries designated in participation agreements shall meet  
5 the requirements established by the trustee and section 529 of the  
6 Internal Revenue Code;

7 (3) Payment of benefits provided under participation agreements  
8 shall be made in a manner consistent with section 529 of the Internal  
9 Revenue Code;

10 (4) The execution of a participation agreement by the trust shall  
11 not guarantee in any way that qualified ~~higher~~ education expenses will be  
12 equal to projections and estimates provided by the trust or that the  
13 beneficiary named in any participation agreement will (a) be admitted to  
14 an eligible postsecondary educational institution, (b) if admitted, be  
15 determined a resident for tuition purposes by the eligible postsecondary  
16 educational institution, (c) be allowed to continue attendance at the  
17 eligible postsecondary educational institution following admission, or  
18 (d) graduate from the eligible postsecondary educational institution;

19 (5) Beginning January 1, 2029, the execution of a participation  
20 agreement by the trust shall not guarantee in any way that qualified  
21 education expenses will be equal to projections and estimates provided by  
22 the trust or that the beneficiary named in any participation agreement  
23 will (a) be admitted to an elementary or secondary school, (b) if  
24 admitted, be determined a resident for tuition purposes by the elementary  
25 or secondary school, (c) be allowed to continue attendance at the  
26 elementary or secondary school following admission, or (d) graduate from  
27 the elementary or secondary school;

28 (6) ~~(5)~~ A beneficiary under a participation agreement may be changed  
29 as permitted under the rules and regulations adopted under sections 35  
30 ~~85-1801~~ to 50 of this act 85-1817 and consistent with section 529 of the  
31 Internal Revenue Code upon written request of the participant as long as

1 the substitute beneficiary is eligible for participation. Participation  
2 agreements may otherwise be freely amended throughout their term in order  
3 to enable participants to increase or decrease the level of  
4 participation, change the designation of beneficiaries, and carry out  
5 similar matters as authorized by rule and regulation; and

6 (7) ~~(6)~~ Each participation agreement shall provide that the  
7 participation agreement may be canceled upon the terms and conditions and  
8 upon payment of applicable fees and costs set forth and contained in the  
9 rules and regulations.

10 **Sec. 40.** Section 85-1807, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

12 ~~85-1807~~ (1) The State Treasurer shall deposit money received by the  
13 Nebraska educational savings plan trust into three funds: The Education  
14 ~~College~~ Savings Plan Program Fund, the Education ~~College~~ Savings Plan  
15 Expense Fund, and the Education ~~College~~ Savings Plan Administrative Fund.  
16 The State Treasurer shall deposit money received by the trust into the  
17 appropriate fund. The State Treasurer and Accounting Administrator of the  
18 Department of Administrative Services shall determine the state fund  
19 types necessary to comply with section 529 of the Internal Revenue Code  
20 and state policy. The money in the funds shall be invested by the state  
21 investment officer pursuant to policies established by the Nebraska  
22 Investment Council. The program fund, the expense fund, and the  
23 administrative fund shall be separately administered. The Nebraska  
24 educational savings plan trust shall be operated with no General Fund  
25 appropriations.

26 (2) The Education ~~College~~ Savings Plan Program Fund is created. All  
27 money paid in connection with participation agreements and all investment  
28 income earned on such money shall be deposited as received into separate  
29 accounts within the program fund. Contributions to the trust may only be  
30 made in the form of cash. All funds generated in connection with  
31 participation agreements shall be deposited into the appropriate accounts

1 within the program fund. A participant or beneficiary shall not provide  
2 investment direction regarding program contributions or earnings held by  
3 the trust. ~~Until January 1, 2029, money~~ Money accrued in the program fund  
4 may be used for the benefit of a beneficiary for payments to any eligible  
5 postsecondary educational institution, but shall not be used to pay  
6 expenses associated with attending kindergarten through grade twelve.  
7 Beginning January 1, 2029, money accrued in the program fund may be used  
8 for the benefit of a beneficiary for payments to any elementary or  
9 secondary school or eligible postsecondary educational institution. Any  
10 money in the program fund available for investment shall be invested by  
11 the state investment officer pursuant to the Nebraska Capital Expansion  
12 Act and the Nebraska State Funds Investment Act.

13 (3) The Education ~~College~~ Savings Plan Administrative Fund is  
14 created. Money from the trust transferred from the expense fund to the  
15 administrative fund in an amount authorized by an appropriation from the  
16 Legislature shall be utilized to pay for the costs of administering,  
17 operating, and maintaining the trust, to the extent permitted by section  
18 529 of the Internal Revenue Code. The administrative fund shall not be  
19 credited with any money other than money transferred from the expense  
20 fund in an amount authorized by an appropriation by the Legislature or  
21 any interest income earned on the balances held in the administrative  
22 fund. Any money in the administrative fund available for investment shall  
23 be invested by the state investment officer pursuant to the Nebraska  
24 Capital Expansion Act and the Nebraska State Funds Investment Act.

25 (4)(a) The Education ~~College~~ Savings Plan Expense Fund is created.  
26 The expense fund shall be funded with fees assessed to the program fund.  
27 The State Treasurer shall use the expense fund:

28 (i) To pay costs associated with the Nebraska educational savings  
29 plan trust; and

30 (ii) For the purposes described in the Meadowlark Act;

31 ~~(iii) On or before September 1, 2020, to transfer from the expense~~

1 ~~fund to the Department of Revenue Miscellaneous Receipts Fund fifty-nine~~  
2 ~~thousand five hundred dollars to defray the costs incurred to implement~~  
3 ~~Laws 2020, LB1042; and~~

4 (iii) (iv) To transfer from the expense fund to the State Investment  
5 Officer's Cash Fund an amount equal to the pro rata share of the budget  
6 appropriated to the Nebraska Investment Council as permitted in section  
7 72-1249.02, to cover reasonable expenses incurred for investment  
8 management of the Nebraska educational savings plan trust. Annually and  
9 prior to such transfer to the State Investment Officer's Cash Fund, the  
10 State Treasurer shall report to the budget division of the Department of  
11 Administrative Services and to the Legislative Fiscal Analyst the amounts  
12 transferred during the previous fiscal year. The report submitted to the  
13 Legislative Fiscal Analyst shall be submitted electronically.

14 (b) Any money in the expense fund available for investment shall be  
15 invested by the state investment officer pursuant to the Nebraska Capital  
16 Expansion Act and the Nebraska State Funds Investment Act.

17 **Sec. 41.** Section 85-1808, Reissue Revised Statutes of Nebraska, is  
18 amended to read:

19 ~~85-1808~~ (1) A participant may cancel a participation agreement at  
20 will by submitting a request to terminate the participation agreement.  
21 Additionally, if a participant requests and obtains a nonqualified  
22 withdrawal, the participation agreement shall be deemed canceled with  
23 respect to the amount of the nonqualified withdrawal. A participation  
24 agreement shall not be deemed canceled if a participant requests and  
25 obtains a distribution of his or her entire account balance for qualified  
26 ~~higher~~ education expenses and subsequently closes his or her account.  
27 Furthermore, the State Treasurer shall have the power to terminate,  
28 freeze, or suspend a participation agreement if he or she determines that  
29 the participant provided false or misleading information to the detriment  
30 of the Nebraska educational savings plan trust, if the participant's  
31 account has a zero balance, or if the State Treasurer is unable to verify

1 the identity of the participant.

2 (2) If a participation agreement is canceled for any of the causes  
3 listed in this subsection, the participant shall be entitled to receive  
4 the principal amount of all contributions made by the participant under  
5 the participation agreement plus the actual program fund investment  
6 income earned on the contributions, less any losses incurred on the  
7 investment, and such distribution will generally not be subject to  
8 federal tax penalty:

9 (a) Death of the beneficiary if the distribution is paid to the  
10 estate of the beneficiary or transferred to another beneficiary as set  
11 forth in subsection (10) of section 42 of this act ~~85-1809~~;

12 (b) Permanent disability or mental incapacity of the beneficiary;

13 (c) The beneficiary is awarded a scholarship as defined in section  
14 529 of the Internal Revenue Code, but only to the extent the distribution  
15 of earnings does not exceed the scholarship amount; or

16 (d) A qualified rollover is made as permitted by section 529 of the  
17 Internal Revenue Code, except that if a qualified rollover is made into a  
18 plan sponsored by another state or entity, the participation agreement  
19 shall be deemed to have been canceled for purposes of subdivision (8)(d)  
20 of section 77-2716 and federal adjusted gross income shall be increased  
21 to the extent previously deducted as a contribution to the trust.

22 (3) Notwithstanding any other provisions of this section, under no  
23 circumstances shall a participant or beneficiary receive a distribution  
24 that is more than the fair market value of the specific account on the  
25 applicable liquidation date.

26 (4) If a participant cancels a participation agreement, obtains a  
27 rollover into a plan sponsored by another state or entity, or obtains a  
28 distribution, a portion of which constitutes a nonqualified withdrawal,  
29 the amount of the distribution, rollover, or withdrawal will be subject  
30 to recapture of previous Nebraska state income tax deductions as set  
31 forth in subdivision (8)(d) of section 77-2716. The transfer of assets

1 among plans sponsored by the State of Nebraska shall be considered an  
2 investment option change and not a rollover.

3 **Sec. 42.** Section 85-1809, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 ~~85-1809~~ (1) A participant retains ownership of all contributions  
6 made under a participation agreement up to the date of utilization for  
7 payment of qualified higher education expenses for the beneficiary or, in  
8 the case of a qualified education loan payment, for the beneficiary or a  
9 sibling of the beneficiary. Notwithstanding any other provision of law,  
10 any amount credited to any account is not susceptible to any levy,  
11 execution, judgment, or other operation of law, garnishment, or other  
12 judicial enforcement, and the amount is not an asset or property of  
13 either the participant or the beneficiary for the purposes of any state  
14 insolvency or inheritance tax laws. All income derived from the  
15 investment of the contributions made by the participant shall be  
16 considered to be held in trust for the benefit of the beneficiary.

17 (2) If the program created by sections 35 ~~85-1801~~ to 50 of this act  
18 ~~85-1817~~ is terminated prior to payment of qualified higher education  
19 expenses, the participant is entitled to receive the fair market value of  
20 the account established in the program.

21 (3) If the beneficiary graduates from an eligible postsecondary  
22 educational institution and a balance remains in the participant's  
23 account, any remaining funds may be used to make qualified education loan  
24 payments for siblings of the beneficiary or transferred as allowed by  
25 rule or regulation, subject to the provisions of section 529 of the  
26 Internal Revenue Code, as well as any other applicable state or federal  
27 laws or regulations.

28 (4)(a) ~~(4)~~ The eligible postsecondary educational institution shall  
29 obtain ownership of the payments made for the qualified higher education  
30 expenses paid to the institution at the time each payment is made to the  
31 institution.

1           (b) Beginning January 1, 2029, the elementary or secondary school  
2 shall obtain ownership of the payments made for the qualified education  
3 expenses paid to the school at the time each payment is made to the  
4 school.

5           (5) Any amounts which may be paid to any person or persons pursuant  
6 to the Nebraska educational savings plan trust but which are not listed  
7 in this section are owned by the trust.

8           (6) A participant may transfer ownership rights to another eligible  
9 participant, including a gift of the ownership rights to a minor  
10 beneficiary. The transfer shall be made and the property distributed in  
11 accordance with the rules and regulations or with the terms of the  
12 participation agreement.

13           (7) A participant shall not be entitled to utilize any interest in  
14 the Nebraska educational savings plan trust as security for a loan.

15           (8) The Nebraska educational savings plan trust may accept transfers  
16 of cash investments from a custodian under the Nebraska Uniform Transfers  
17 to Minors Act or any other similar laws under the terms and conditions  
18 established by the trustee.

19           (9) A participant may designate a successor account owner to succeed  
20 to all of the participant's rights, title, and interest in an account,  
21 including the right to change the account beneficiary, upon the death or  
22 legal incapacity of the participant. If a participant dies or becomes  
23 legally incapacitated and has failed to name a successor account owner,  
24 the account beneficiary shall become the account owner.

25           (10) Upon the death of a beneficiary, the participant may change the  
26 beneficiary on the account, transfer assets to another beneficiary who is  
27 a member of the family of the former beneficiary, or request a  
28 nonqualified withdrawal.

29           **Sec. 43.** Section 85-1810, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31           ~~85-1810~~ (1) A student loan program, student grant program, or other

1 program administered by any agency of the state, except as may be  
2 otherwise provided by federal law or the provisions of any specific grant  
3 applicable to the federal law, shall not take into account and shall not  
4 consider amounts available for the payment of qualified higher education  
5 expenses pursuant to the Nebraska educational savings plan trust in  
6 determining need and eligibility for student aid.

7 (2) A government program administered by any agency of the state  
8 that provides benefits or aid to individuals based on financial need,  
9 except as may be otherwise provided by federal law or the provisions of  
10 any specific grant applicable to the federal law, shall not take into  
11 account and shall not consider contributions made to a participant's  
12 account by the participant's employer in determining the income of such  
13 participant.

14 **Sec. 44.** Section 85-1811, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 ~~85-1811~~ (1) The State Treasurer shall submit an annual audited  
17 financial report, prepared in accordance with generally accepted  
18 accounting principles, on the operations of the Nebraska educational  
19 savings plan trust by November 1 to the Governor and the Legislature. The  
20 report submitted to the Legislature shall be submitted electronically.  
21 The State Treasurer shall cause the audit to be made either by the  
22 Auditor of Public Accounts or by an independent certified public  
23 accountant designated by the State Treasurer, and the audit shall include  
24 direct and indirect costs attributable to the use of outside consultants,  
25 independent contractors, and any other persons who are not state  
26 employees.

27 (2) The annual audit shall be supplemented by all of the following  
28 information prepared by the State Treasurer:

29 (a) Any related studies or evaluations prepared in the preceding  
30 year;

31 (b) A summary of the benefits provided by the trust, including the

1 number of participants and beneficiaries in the trust; and

2 (c) Any other information which is relevant in order to make a full,  
3 fair, and effective disclosure of the operations of the trust, including  
4 the investment performance of the funds.

5 **Sec. 45.** Section 85-1812, Reissue Revised Statutes of Nebraska, is  
6 amended to read:

7 ~~85-1812~~ (1) For federal income tax purposes, the Nebraska  
8 educational savings plan trust shall be considered a qualified state  
9 tuition program exempt from taxation pursuant to section 529 of the  
10 Internal Revenue Code. The trust meets the requirements of section 529(b)  
11 of the Internal Revenue Code as follows:

12 (a) Pursuant to section 39 of this act ~~85-1806~~, a participant may  
13 make contributions to an account which is established for the purpose of  
14 meeting the qualified higher education expenses of the designated  
15 beneficiary of the account or, in the case of a qualified education loan  
16 payment, the designated beneficiary of the account or a sibling of the  
17 designated beneficiary;

18 (b) Pursuant to section 39 of this act ~~85-1806~~, a maximum  
19 contribution level is established;

20 (c) Pursuant to section 40 of this act ~~85-1807~~, a separate account  
21 is established for each beneficiary;

22 (d) Pursuant to section 40 of this act ~~85-1807~~, contributions may  
23 only be made in the form of cash;

24 (e) Pursuant to section 40 of this act ~~85-1807~~, a participant or  
25 beneficiary shall not provide investment direction regarding program  
26 contributions or earnings held by the trust;

27 (f) Penalties are provided on distributions of earnings which are:

28 (i) Not used for qualified higher education expenses of the beneficiary  
29 or, in the case of a qualified education loan payment, the beneficiary or  
30 a sibling of the beneficiary; (ii) made on account of the death of the  
31 designated beneficiary if the distribution is not transferred to another

1 beneficiary or paid to the estate of the beneficiary; (iii) not made on  
2 account of the permanent disability or mental incapacity of the  
3 designated beneficiary; or (iv) made due to scholarship, allowance, or  
4 payment receipt in excess of the scholarship, allowance, or payment  
5 receipt; and

6 (g) Pursuant to section 42 of this act ~~85-1809~~, a participant shall  
7 not pledge any interest in the trust as security for a loan.

8 (2) State income tax treatment of the Nebraska educational savings  
9 plan trust shall be as provided in section 77-2716.

10 (3) For purposes of federal gift and generation-skipping transfer  
11 taxes, contributions to an account are considered a completed gift from  
12 the contributor to the beneficiary.

13 **Sec. 46.** Section 85-1813, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 ~~85-1813~~ The assets of the Nebraska educational savings plan trust,  
16 including the program fund and excluding the administrative fund and the  
17 expense fund, shall at all times be preserved, invested, and expended  
18 solely and only for the purposes of the trust and shall be held in trust  
19 for the participants and beneficiaries. No property rights in the trust  
20 shall exist in favor of the state. Assets of the trust, including the  
21 program fund, the administrative fund, and the expense fund, shall not be  
22 transferred or used by the state for any purposes other than the purposes  
23 of the trust.

24 **Sec. 47.** Section 85-1814, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 ~~85-1814~~ Nothing in sections 35 ~~85-1801~~ to 46 of this act ~~85-1813~~  
27 shall be deemed to prohibit both resident and nonresident participants  
28 and designated beneficiaries from being eligible to participate in and  
29 benefit from the Nebraska educational savings plan trust and program. It  
30 is the intent of the Legislature that funds and income credited to the  
31 program fund are fully portable and may be used at any eligible

1 postsecondary educational institution and beginning January 1, 2029, at  
2 any elementary or secondary school.

3 **Sec. 48.** Section 85-1815, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 ~~85-1815~~ (1) The College Savings Incentive Cash Fund is created. The  
6 fund shall be administered by the State Treasurer and shall be used to  
7 provide incentive payments under the Employer Matching Contribution  
8 Incentive Program established in section 49 of this act ~~85-1816~~ and to  
9 provide matching scholarships under the College Savings Plan Low-Income  
10 Matching Scholarship Program established in section 50 of this act  
11 ~~85-1817~~. The State Treasurer shall accept contributions from any private  
12 individual or private entity and shall credit all such contributions  
13 received to the College Savings Incentive Cash Fund for the purpose of  
14 providing an ongoing source of funding for the College Savings Plan Low-  
15 Income Matching Scholarship Program. The matching contributions for which  
16 incentive payments are made under the Employer Matching Contribution  
17 Incentive Program and the matching scholarships provided under the  
18 College Savings Plan Low-Income Matching Scholarship Program shall not be  
19 used to pay expenses associated with attending kindergarten through grade  
20 twelve.

21 (2) The College Savings Incentive Cash Fund shall not be considered  
22 an asset of the Nebraska educational savings plan trust.

23 (3) Any money in the fund available for investment shall be invested  
24 by the state investment officer pursuant to the Nebraska Capital  
25 Expansion Act and the Nebraska State Funds Investment Act.

26 **Sec. 49.** Section 85-1816, Reissue Revised Statutes of Nebraska, is  
27 amended to read:

28 ~~85-1816~~ (1) The Employer Matching Contribution Incentive Program is  
29 created. The program shall begin on January 1, 2022, and shall be  
30 implemented and administered by the State Treasurer. The purpose of the  
31 program is to encourage employers to make matching contributions by

1 providing incentive payments for such contributions.

2 (2) For purposes of this section:

3 (a) Employer means any individual, partnership, limited liability  
4 company, association, corporation, business trust, legal representative,  
5 or organized group of persons employing one or more employees at any one  
6 time, but such term does not include the United States, the state, or any  
7 political subdivision thereof; and

8 (b) Matching contribution means a contribution made by an employer  
9 to an account established under the Nebraska educational savings plan  
10 trust in an amount matching all or part of a contribution made to that  
11 same account by an individual who resided in the State of Nebraska during  
12 the most recently completed taxable year and is an employee of such  
13 employer.

14 (3) Beginning January 1, 2022, an employer shall be eligible to  
15 receive an incentive payment under this section if the employer made  
16 matching contributions during the immediately preceding calendar year.

17 (4) In order to receive an incentive payment under this section, an  
18 employer shall submit an application to the State Treasurer on forms  
19 prescribed by the State Treasurer. The State Treasurer shall accept  
20 applications from January 1 to June 1 of each year beginning in 2022. The  
21 application shall include:

22 (a) The number of employees for whom matching contributions were  
23 made in the immediately preceding calendar year;

24 (b) The amount of the matching contributions made in the immediately  
25 preceding calendar year for each employee; and

26 (c) Any other information required by the State Treasurer.

27 (5) If the State Treasurer determines that the employer qualifies  
28 for an incentive payment under this section, the State Treasurer shall  
29 approve the application and shall notify the employer of the approval.  
30 The State Treasurer may approve applications until the annual limit  
31 provided in subsection (6) of this section has been reached. An employer

1 whose application is approved shall receive an incentive payment equal to  
2 twenty-five percent of the total matching contributions made during the  
3 immediately preceding calendar year, not to exceed two thousand dollars  
4 per contributing employee per year. An employer shall not receive an  
5 incentive payment for a matching contribution if the employer claimed an  
6 income tax deduction pursuant to subdivision (8)(b) of section 77-2716  
7 for such matching contribution. Employers shall be limited to one  
8 incentive payment per beneficiary. The matching contributions for which  
9 incentive payments are made shall not be used to pay expenses associated  
10 with attending kindergarten through grade twelve.

11 (6) The State Treasurer may approve a total of two hundred fifty  
12 thousand dollars of incentive payments each calendar year.

13 (7) On or before June 30, 2022, and on or before June 30 of each  
14 year thereafter, the State Treasurer shall determine the total amount of  
15 incentive payments approved for the year, shall transfer such amount from  
16 the Education College Savings Plan Expense Fund or the Unclaimed Property  
17 Trust Fund, as determined by the State Treasurer, to the College Savings  
18 Incentive Cash Fund, and shall distribute such incentive payments to the  
19 approved employers.

20 (8) The State Treasurer may adopt and promulgate rules and  
21 regulations to carry out the Employer Matching Contribution Incentive  
22 Program.

23 **Sec. 50.** Section 85-1817, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25 ~~85-1817~~ (1) Beginning January 1, 2022, there is hereby established  
26 the College Savings Plan Low-Income Matching Scholarship Program. The  
27 purpose of the program is to encourage private contributions to accounts  
28 established under the Nebraska educational savings plan trust for the  
29 benefit of individuals with limited means. The State Treasurer shall  
30 implement and administer the program.

31 (2) A participant shall be eligible for the program if the

1 beneficiary for whom private contributions are made is part of a family  
2 whose household income for the most recently completed taxable year is  
3 not more than two hundred fifty percent of the federal poverty level and  
4 the beneficiary is a resident of the State of Nebraska.

5 (3) Applications for participation in the program shall be submitted  
6 to the State Treasurer on forms prescribed by the State Treasurer. If the  
7 requirements of subsection (2) of this section are met, the State  
8 Treasurer shall approve the application and notify the applicant of the  
9 approval. The State Treasurer may approve applications until the annual  
10 limit provided in subsection (7) of this section has been reached.

11 (4) Any participant who is approved for the program under subsection  
12 (3) of this section must resubmit an application each year thereafter and  
13 be reapproved in order to continue participation in the program.

14 (5) If a participant is approved for the program, any contribution  
15 made by such participant under the program shall be matched with  
16 scholarship funds provided by the State of Nebraska. The matching  
17 scholarship shall be equal to:

18 (a) One hundred percent of the participant's contribution if the  
19 beneficiary for whom the contribution is made is part of a family whose  
20 household income for the most recently completed taxable year is more  
21 than two hundred percent of the federal poverty level but not more than  
22 two hundred fifty percent of the federal poverty level, not to exceed one  
23 thousand dollars annually; or

24 (b) Two hundred percent of the participant's contribution if the  
25 beneficiary for whom the contribution is made is part of a family whose  
26 household income for the most recently completed taxable year is not more  
27 than two hundred percent of the federal poverty level, not to exceed one  
28 thousand dollars annually.

29 (6) Between January 1 and January 31 of each year, the State  
30 Treasurer shall transfer the amount necessary to meet the matching  
31 obligations of this section for the preceding calendar year, minus the

1 amount of any private contributions received pursuant to subsection (1)  
2 of section 48 of this act 85-1815 during the preceding calendar year,  
3 from the Education College Savings Plan Expense Fund or the Unclaimed  
4 Property Trust Fund, as determined by the State Treasurer, to the College  
5 Savings Incentive Cash Fund. The State Treasurer shall transfer from the  
6 College Savings Incentive Cash Fund to the Education College Savings Plan  
7 Program Fund the amount necessary to meet the matching obligations of  
8 this section for the preceding calendar year. The Nebraska educational  
9 savings plan trust shall own all scholarships awarded under this section.  
10 Neither the participant nor the beneficiary shall have any ownership  
11 rights to or interest in, title to, or power or control over such  
12 scholarships. Scholarship funds disbursed shall only be used to pay the  
13 qualified ~~higher~~ education expenses associated with attending an eligible  
14 postsecondary educational institution located in this state and shall not  
15 be used to pay expenses associated with attending kindergarten through  
16 grade twelve. Any disbursement of such scholarships shall be made before  
17 the beneficiary reaches thirty years of age. Once the beneficiary reaches  
18 thirty years of age, any unused scholarship funds shall be transferred to  
19 the Meadowlark Endowment Fund.

20 (7) The State Treasurer may approve a total of two hundred fifty  
21 thousand dollars of scholarships each calendar year under the College  
22 Savings Plan Low-Income Matching Scholarship Program.

23 **Sec. 51.** Section 85-2802, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25 85-2802 For purposes of the Meadowlark Act:

26 (1) Contribution means a donation which is made for the purpose of  
27 providing a source of funding for the Meadowlark Program established in  
28 section 85-2804;

29 (2) Eligible postsecondary educational institution has the same  
30 meaning as in section 36 of this act 85-1802;

31 (3) Nebraska educational savings plan trust has the same meaning as

1 in section 36 of this act ~~85-1802~~;

2 (4) Qualified ~~higher~~ education expenses has the same meaning as in  
3 section 36 of this act ~~85-1802~~; and

4 (5) Qualified individual means an individual born on or after  
5 January 1, 2020, who is a resident of this state at the time of birth.

6 **Sec. 52.** Section 85-2803, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 85-2803 (1) There is hereby established in the state treasury a  
9 trust fund to be known as the Meadowlark Endowment Fund. The fund shall  
10 be administered by the State Treasurer and shall consist of qualified  
11 private contributions and any amounts appropriated or transferred to the  
12 fund by the Legislature. No General Funds shall be transferred to the  
13 Meadowlark Endowment Fund. Any money in the fund available for investment  
14 shall be invested by the state investment officer pursuant to the  
15 Nebraska Capital Expansion Act and the Nebraska State Funds Investment  
16 Act. No portion of the principal of the fund shall be expended for any  
17 purpose except investment pursuant to this subsection.

18 (2) The State Treasurer may accept contributions and shall credit  
19 all such contributions received either to the Meadowlark Endowment Fund  
20 or to accounts opened under the Meadowlark Program, at the direction of  
21 the donor. Such contributions shall not be used to pay expenses  
22 associated with attending kindergarten through grade twelve.

23 (3) On or before April 1 of each year, the State Treasurer shall  
24 determine the total amount of contributions received under subsection (2)  
25 of this section in the previous calendar year and shall transfer an equal  
26 amount from the Education College Savings Plan Expense Fund or the  
27 Unclaimed Property Trust Fund, as determined by the State Treasurer, to  
28 the Meadowlark Endowment Fund or to accounts opened under the Meadowlark  
29 Program. For any amount transferred from the Education College Savings  
30 Plan Expense Fund or the Unclaimed Property Trust Fund that is not being  
31 transferred to the Meadowlark Endowment Fund, the State Treasurer shall

1 evenly distribute such amount to the accounts opened under the Meadowlark  
2 Program in the previous calendar year.

3 **Sec. 53.** Section 85-2804, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 85-2804 (1) The Meadowlark Program is created. The program shall be  
6 administered by the State Treasurer. The purpose of the program is to  
7 promote access to postsecondary educational opportunities by providing  
8 funds to qualified individuals to help pay the qualified ~~higher~~ education  
9 expenses associated with attendance at an eligible postsecondary  
10 educational institution located in this state.

11 (2) Any qualified individual shall be eligible to participate in the  
12 Meadowlark Program. No later than March 1 of each year, the Department of  
13 Health and Human Services shall transmit information to the State  
14 Treasurer which is necessary to administer the program and to establish  
15 whether the children born in the previous calendar year are qualified  
16 individuals. Such information shall include, but not be limited to, the  
17 full name and residential address of each child's parent or legal  
18 guardian and the birthdate of each child. Costs associated with the  
19 transfer of information by the Department of Health and Human Services  
20 shall be paid from the Education ~~College~~ Savings Plan Expense Fund.

21 (3) Following receipt of the information described in subsection (2)  
22 of this section, the State Treasurer shall send a notification explaining  
23 the Meadowlark Program to the parent or legal guardian of each qualified  
24 individual. The State Treasurer shall provide such parent or legal  
25 guardian with the opportunity to exclude his or her child from the  
26 program. Any child who is not excluded shall be deemed to be enrolled in  
27 the program. Upon enrollment into the program, the child shall have an  
28 account opened for him or her under the Nebraska educational savings plan  
29 trust.

30 (4) On or before April 1 of each year, the State Treasurer shall  
31 determine (a) the number of accounts opened under the Meadowlark Program

1 in the previous calendar year and (b) the amount of investment income  
2 generated by the Meadowlark Endowment Fund in the previous calendar year.  
3 The State Treasurer shall evenly distribute the investment income from  
4 the previous calendar year to the accounts opened in the previous  
5 calendar year.

6 (5) The Nebraska educational savings plan trust shall own all  
7 accounts opened under the Meadowlark Program. Neither the qualified  
8 individual nor his or her parent or legal guardian shall have any  
9 ownership rights or interest in, title to, or power or control over such  
10 an account.

11 (6) Any disbursement from an account opened under the Meadowlark  
12 Program shall be made before the qualified individual reaches thirty  
13 years of age. Once a qualified individual reaches thirty years of age,  
14 any unused funds in his or her account shall be transferred to the  
15 Meadowlark Endowment Fund.

16 (7) Funds disbursed from an account opened under the Meadowlark  
17 Program shall only be used to pay the qualified ~~higher~~ education expenses  
18 associated with attending an eligible postsecondary educational  
19 institution located in this state and shall not be used to pay expenses  
20 associated with attending kindergarten through grade twelve.

21 (8) The State Treasurer shall take measures to ensure the security  
22 and confidentiality of the information received under subsection (2) of  
23 this section.

24 **Sec. 54.** Sections 7, 8, 9, 29, 31, 32, 33, and 56 of this act  
25 become operative three calendar months after the adjournment of this  
26 legislative session. Sections 21, 22, 25, 30, 35, 36, 37, 38, 39, 40, 41,  
27 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, and 57 of this act become  
28 operative on October 1, 2025. Sections 1, 2, 3, 4, 5, 6, 23, 24, 26, and  
29 58 of this act become operative on January 1, 2026. The other sections of  
30 this act become operative on their effective date.

31 **Sec. 57.** Original sections 85-1801, 85-1802, 85-1804, 85-1805,

1 85-1806, 85-1807, 85-1808, 85-1809, 85-1810, 85-1811, 85-1812, 85-1813,  
2 85-1814, 85-1815, 85-1816, 85-1817, 85-2802, 85-2803, and 85-2804,  
3 Reissue Revised Statutes of Nebraska, and sections 68-1201, 72-1239.01,  
4 77-3,110, and 77-2716, Revised Statutes Cumulative Supplement, 2024, are  
5 repealed.