

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 871**

Introduced by Conrad, 46.

Read first time January 08, 2026

Committee: Judiciary

1 A BILL FOR AN ACT relating to inflation adjustments; to amend sections  
2 8-1,131, 25-1558, 25-1559, 30-2322, 30-2323, 44-371, and 44-1089,  
3 Reissue Revised Statutes of Nebraska, and section 40-101, Revised  
4 Statutes Cumulative Supplement, 2024; to increase amounts exempt  
5 from levy, execution, judgment, operation of law, garnishment, or  
6 other judicial enforcement as provided; to increase the homestead  
7 allowance and exempt property allowance; to provide for adjustments  
8 based on inflation; and to repeal the original sections.

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

1       **Section 1.** Section 8-1,131, Reissue Revised Statutes of Nebraska, is  
2       amended to read:

3           8-1,131 (1) All banks are qualified to act as trustee or custodian  
4       under the federal Self-Employed Individuals Tax Retirement Act of 1962,  
5       as amended, or under the terms and provisions of section 408(a) of the  
6       Internal Revenue Code, if the provisions of such retirement plan require  
7       the funds of such trust or custodianship to be invested exclusively in  
8       shares or accounts in the bank or in other banks. If any such retirement  
9       plan, within the judgment of the bank, constitutes a qualified plan under  
10      the federal Self-Employed Individuals Tax Retirement Act of 1962, or  
11      under the terms and provisions of section 408(a) of the Internal Revenue  
12      Code and the regulations promulgated thereunder at the time the trust was  
13      established and accepted by the bank, and is subsequently determined not  
14      to be such a qualified plan or subsequently ceases to be such a qualified  
15      plan, in whole or in part, the bank may continue to act as trustee of any  
16      deposits theretofore made under such plan and to dispose of the same in  
17      accordance with the directions of the member and beneficiaries thereof.  
18      No bank, in respect to savings made under this subsection, shall be  
19      required to segregate such savings from other liabilities of the bank.  
20      The bank shall keep appropriate records showing in proper detail all  
21      transactions engaged in under the authority of this subsection.

22           (2)(a) All banks are qualified to act as trustee or custodian of a  
23       medical savings account created within the provisions of section 220 of  
24       the Internal Revenue Code and a health savings account created within the  
25       provisions of section 223 of the Internal Revenue Code. If any such  
26       medical savings account or health savings account, within the judgment of  
27       the bank, constitutes a medical savings account under section 220 of the  
28       Internal Revenue Code or a health savings account under section 223 of  
29       the Internal Revenue Code and the regulations promulgated thereunder at  
30       the time the trust was established and accepted by the bank, and is  
31       subsequently determined not to be such a medical savings account or

1 health savings account, in whole or in part, the bank may continue to act  
2 as trustee of any deposits theretofore made under such plan and to  
3 dispose of the same in accordance with the directions of the account  
4 holder. No bank, in respect to savings made under this subsection, shall  
5 be required to segregate such savings from other liabilities of the bank.  
6 The bank shall keep appropriate records showing in proper detail all  
7 transactions engaged in under the authority of this subsection.

8 (b) Except for judgments against the medical savings account holder  
9 or health savings account holder or his or her dependents for qualified  
10 medical expenses as defined under section 223(d)(2) of the Internal  
11 Revenue Code, funds credited to a medical savings account or health  
12 savings account below forty thousand eight hundred thirty-one twenty-five  
13 thousand dollars are not susceptible to levy, execution, judgment, or  
14 other operation of law, garnishment, or other judicial enforcement and  
15 are not an asset or property of the account holder for purposes of  
16 bankruptcy law.

17 (3) The Department of Revenue shall adjust the dollar limitation  
18 provided for in this section every fifth year commencing July 1, 2030.  
19 The adjusted limitation shall be equal to the then current limitation  
20 adjusted by the cumulative percentage change in the Consumer Price Index  
21 for All Urban Consumers, as prepared by the United States Department of  
22 Labor, Bureau of Labor Statistics, for the five-year period preceding the  
23 adjustment date. The adjusted limitation shall be rounded to the nearest  
24 hundred-dollar amount.

25 **Sec. 2.** Section 25-1558, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27 25-1558 (1) Except as provided in subsection (2) of this section,  
28 the maximum part of the aggregate disposable earnings of an individual  
29 for any workweek which is subject to garnishment shall not exceed the  
30 lesser of the following amounts:

31 (a) Twenty-five percent of his or her disposable earnings for that

1 week;

2 (b) The amount by which his or her disposable earnings for that week  
3 exceed thirty times the minimum wage rate as prescribed by section  
4 48-1203 federal minimum hourly wage prescribed by 29 U.S.C. 206(a)(1) in  
5 effect at the time earnings are payable; or

6 (c) Fifteen percent of his or her disposable earnings for that week,  
7 if the individual is a head of a family.

8 (2) The restrictions of subsection (1) of this section shall not  
9 apply in the case of:

10 (a) Any order of any court for the support of any persons;

11 (b) Any order of any court of bankruptcy under Chapter XIII of the  
12 Bankruptcy Act; or

13 (c) Any debt due for any state or federal tax.

14 (3) No court shall make, execute, or enforce any order or process in  
15 violation of this section. The exemptions allowed in this section shall  
16 be granted to any person so entitled without any further proceedings.

17 (4) For the purposes of this section:

18 (a) Earnings shall mean compensation paid or payable by an employer  
19 to an employee for personal services, whether denominated as wages,  
20 salary, commission, bonus, or otherwise, and includes periodic payments  
21 pursuant to a pension or retirement program;

22 (b) Disposable earnings shall mean that part of the earnings of any  
23 individual remaining after the deduction from those earnings of any  
24 amounts required by law to be withheld;

25 (c) Garnishment shall mean any legal or equitable procedure through  
26 which the earnings of any individual are required to be withheld for  
27 payment of any debt; and

28 (d) Head of a family shall mean an individual who actually supports  
29 and maintains one or more individuals who are closely connected with him  
30 or her by blood relationship, relationship by marriage, by adoption, or  
31 by guardianship, and whose right to exercise family control and provide

1 for the dependent individuals is based upon some moral or legal  
2 obligation.

3 (5) Every assignment, sale, transfer, pledge, or mortgage of the  
4 wages or salary of an individual which is exempted by this section, to  
5 the extent of the exemption provided by this section, shall be void and  
6 unenforceable by any process of law.

7 (6) No employer shall discharge any employee by reason of the fact  
8 that his or her earnings have been subjected to garnishment for any one  
9 indebtedness.

10 (7) In the case of earnings for any pay period other than a week,  
11 the Commissioner of Labor shall by regulation prescribe a multiple of the  
12 minimum wage rate as prescribed by section 48-1203 that is federal  
13 minimum hourly wage equivalent in effect to that set forth in this  
14 section.

15 **Sec. 3.** Section 25-1559, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 25-1559 (1) In addition to the exemptions otherwise provided for,  
18 there shall also be exempt from levy and sale upon execution or  
19 attachment, to every resident of the State of Nebraska, who became  
20 disabled in the service of the United States as a soldier, sailor or  
21 marine, all pension money hereafter received and all property hereafter  
22 purchased and improved exclusively therewith, not exceeding sixty-four  
23 thousand eight hundred thirty two thousand dollars in value, of and  
24 belonging to such soldier, sailor or marine.

25 (2) The Department of Revenue shall adjust the dollar limitation  
26 provided for in this section every fifth year commencing July 1, 2030.  
27 The adjusted limitation shall be equal to the then current limitation  
28 adjusted by the cumulative percentage change in the Consumer Price Index  
29 for All Urban Consumers, as prepared by the United States Department of  
30 Labor, Bureau of Labor Statistics, for the five-year period preceding the  
31 adjustment date. The adjusted limitation shall be rounded to the nearest

1     hundred-dollar amount.

2       **Sec. 4.** Section 30-2322, Reissue Revised Statutes of Nebraska, is  
3     amended to read:

4       30-2322 (1) A surviving spouse of a decedent who was domiciled in  
5     this state is entitled to a homestead allowance of ~~seven thousand five~~  
6       
7     twenty thousand dollars for a decedent who dies before December 31, 2027,  
8     and twenty-nine thousand one hundred forty-two dollars for a decedent who  
9     dies on or after January 1, 2027 on or after January 1, 2011. If there is  
10    no surviving spouse, each minor child and each dependent child of the  
11    decedent is entitled to a homestead allowance amounting to the amount  
12    allowed for a surviving spouse divided by the number of minor and  
13    dependent children of the decedent. The homestead allowance is exempt  
14    from and has priority over all claims against the estate except for costs  
15    and expenses of administration. Homestead allowance is in addition to any  
16    share passing to the surviving spouse or minor or dependent child by the  
17    will of the decedent unless otherwise provided therein, by intestate  
18    succession or by way of elective share.

19       (2) The Department of Revenue shall adjust the dollar limitation  
20    provided for in this section every fifth year commencing July 1, 2030.  
21    The adjusted limitation shall be equal to the then current limitation  
22    adjusted by the cumulative percentage change in the Housing Price Index  
23    for Nebraska, as prepared by the Federal Housing Finance Agency, for the  
24    five-year period preceding the adjustment date. The adjusted limitation  
25    shall be rounded to the nearest hundred-dollar amount.

26       **Sec. 5.** Section 30-2323, Reissue Revised Statutes of Nebraska, is  
27     amended to read:

28       30-2323 (1)(a) (1) In addition to the homestead allowance, the  
29     surviving spouse of a decedent who was domiciled in this state is  
30     entitled from the estate to value not exceeding ~~five thousand dollars for~~  
31     [~~a decedent who dies before January 1, 2011, and twelve thousand five~~](#)

1 hundred dollars for a decedent who dies before December 31, 2027, and  
2 eighteen thousand two hundred fourteen dollars for a decedent who dies on  
3 or after January 1, 2027 on or after January 1, 2011, in excess of any  
4 security interests therein in household furniture, automobiles,  
5 furnishings, appliances, and personal effects. If there is no surviving  
6 spouse, children of the decedent are entitled jointly to the same value  
7 unless the decedent has provided in his or her will that one or more of  
8 such children shall be disinherited, in which case only those children  
9 not so disinherited shall be so entitled. For purposes of this section,  
10 disinherited means providing in one's will that a child shall take  
11 nothing or a nominal amount of ten dollars or less from the estate.

12 (b) The Department of Revenue shall adjust the dollar limitation  
13 provided for in this section every fifth year commencing July 1, 2030.  
14 The adjusted limitation shall be equal to the then current limitation  
15 adjusted by the cumulative percentage change in the Consumer Price Index  
16 for All Urban Consumers, as prepared by the United States Department of  
17 Labor, Bureau of Labor Statistics, for the five-year period preceding the  
18 adjustment date. The adjusted limitation shall be rounded to the nearest  
19 hundred-dollar amount.

20 (2) If encumbered chattels are selected and if the value in excess  
21 of security interests, plus that of other exempt property, is less than  
22 the amount allowed under subsection (1) of this section, or if there is  
23 not that amount worth of exempt property in the estate, the spouse or  
24 children are entitled to other assets of the estate, if any, to the  
25 extent necessary to make up the amount allowed under subsection (1) of  
26 this section. Rights to exempt property and assets needed to make up a  
27 deficiency of exempt property have priority over all claims against the  
28 estate except for costs and expenses of administration, except for claims  
29 filed by the Department of Health and Human Services pursuant to section  
30 68-919 notwithstanding the order of payment established in section  
31 30-2487, and except that the right to any assets to make up a deficiency

1 of exempt property shall abate as necessary to permit prior payment of  
2 homestead allowance and family allowance.

3 (3) These rights are in addition to any benefit or share passing to  
4 the surviving spouse by the will of the decedent unless otherwise  
5 provided therein, by intestate succession, or by way of elective share.  
6 These rights are in addition to any benefit or share passing to the  
7 surviving children by intestate succession and are in addition to any  
8 benefit or share passing by the will of the decedent to those surviving  
9 children not disinherited unless otherwise provided in the will.

10 **Sec. 6.** Section 40-101, Revised Statutes Cumulative Supplement,  
11 2024, is amended to read:

12 40-101 (1) Each natural person residing in this state shall have  
13 exempt from judgment liens and from execution or forced sale, except as  
14 provided in sections 40-101 to 40-116, a homestead not exceeding two  
15 hundred twenty-eight thousand one hundred forty-eight one hundred twenty  
16 thousand dollars in value consisting of the dwelling house in which the  
17 claimant resides, its appurtenances, and the land on which the same is  
18 situated, not exceeding one hundred and sixty acres of land, to be  
19 selected by the owner, and not in any incorporated city or village, or,  
20 at the option of the claimant, a quantity of contiguous land not  
21 exceeding two lots within any incorporated city or village.

22 (2)(a) The Department of Revenue shall adjust the dollar limitation  
23 provided for in this section every fifth year commencing July 1, 2030, to  
24 reflect the statewide average residential value for single-family  
25 residential properties. The statewide average residential value for  
26 single-family residential properties shall be determined by dividing the  
27 total statewide residential value for single-family properties by the  
28 number of single-family residential properties in the state.

29 (b) For purposes of this subsection, total statewide residential  
30 value for single-family properties means the sum of the total residential  
31 values for single-family residential properties for each county.

1       (c) The total residential value for single-family properties for  
2 each county and the number of single-family residential properties shall  
3 be determined by using the values certified to the Department of Revenue  
4 pursuant to section 77-3506.02.

5       **Sec. 7.** Section 44-371, Reissue Revised Statutes of Nebraska, is  
6 amended to read:

7       44-371 (1)(a) Except as provided in subdivision (1)(b) of this  
8 section and in section 68-919, all proceeds, cash values, and benefits  
9 accruing under any annuity contract, under any policy or certificate of  
10 life insurance payable upon the death of the insured to a beneficiary  
11 other than the estate of the insured, or under any accident or health  
12 insurance policy shall be exempt from attachment, garnishment, or other  
13 legal or equitable process and from all claims of creditors of the  
14 insured and of the beneficiary if related to the insured by blood or  
15 marriage, unless a written assignment to the contrary has been obtained  
16 by the claimant.

17       (b) Subdivision (1)(a) of this section shall not apply to:

18           (i) An individual's aggregate interests greater than one hundred  
19 ~~twenty-nine thousand eight hundred three one hundred thousand~~ dollars in  
20 all loan values or cash values of all matured or unmatured life insurance  
21 contracts and in all proceeds, cash values, or benefits accruing under  
22 all annuity contracts owned by such individual; and

23           (ii) An individual's interest in all loan values or cash values of  
24 all matured or unmatured life insurance contracts and in all proceeds,  
25 cash values, or benefits accruing under all annuity contracts owned by  
26 such individual, to the extent that the loan values or cash values of any  
27 matured or unmatured life insurance contract or the proceeds, cash  
28 values, or benefits accruing under any annuity contract were established  
29 or increased through contributions, premiums, or any other payments made  
30 within three years prior to bankruptcy or within three years prior to  
31 entry against the individual of a money judgment which thereafter becomes

1 final.

2 (c) An insurance company shall not be liable or responsible to any  
3 person to determine or ascertain the existence or identity of any such  
4 creditors prior to payment of any such loan values, cash values,  
5 proceeds, or benefits.

6 (d) The Department of Revenue shall adjust the dollar limitation  
7 provided for in subdivision (1)(b)(i) of this section every fifth year  
8 commencing July 1, 2030. The adjusted limitation shall be equal to the  
9 then current limitation adjusted by the cumulative percentage change in  
10 the Consumer Price Index for All Urban Consumers, as prepared by the  
11 United States Department of Labor, Bureau of Labor Statistics, for the  
12 five-year period preceding the adjustment date. The adjusted limitation  
13 shall be rounded to the nearest hundred-dollar amount.

14 (2) Notwithstanding subsection (1) of this section, proceeds, cash  
15 values, and benefits accruing under any annuity contract or under any  
16 policy or certificate of life insurance payable upon the death of the  
17 insured to a beneficiary other than the estate of the insured shall not  
18 be exempt from attachment, garnishment, or other legal or equitable  
19 process by a judgment creditor of the beneficiary if the judgment against  
20 the beneficiary was based on, arose from, or was related to an act,  
21 transaction, or course of conduct for which the beneficiary has been  
22 convicted by any court of a crime punishable only by life imprisonment or  
23 death. No insurance company shall be liable or responsible to any person  
24 to determine or ascertain the existence or identity of any such judgment  
25 creditor prior to payment of any such proceeds, cash values, or benefits.  
26 This subsection shall apply to any judgment rendered on or after January  
27 1, 1995, irrespective of when the criminal conviction is or was rendered  
28 and irrespective of whether proceedings for attachment, garnishment, or  
29 other legal or equitable process were pending on March 14, 1997.

30 **Sec. 8.** Section 44-1089, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1        44-1089 (1) No noninsurance benefit, charity, relief, or aid to be  
2    paid, provided, or rendered by any society shall be liable to attachment,  
3    garnishment, or other process, or to be seized, taken, appropriated, or  
4    applied by any legal or equitable process or operation of law to pay any  
5    debt or liability of a member or beneficiary, or any other person who may  
6    have a right thereunder, either before or after payment by the society.

7        (2)(a) Except as provided in subdivision (2)(b) of this section, all  
8    proceeds, cash values, and benefits accruing under any annuity contract,  
9    under any policy or certificate of life insurance payable upon the death  
10   of the insured to a beneficiary other than the estate of the insured, or  
11   under any accident or health insurance policy shall be exempt from  
12   attachment, garnishment, or other legal or equitable process and from all  
13   claims of creditors of the insured and of the beneficiary if related to  
14   the insured by blood or marriage, unless a written assignment to the  
15   contrary has been obtained by the claimant.

16        (b) Subdivision (2)(a) of this section shall not apply to:

17            (i) An individual's aggregate interests greater than one hundred  
18   sixty-three thousand three hundred twenty-six ~~one hundred thousand~~  
19   dollars in all loan values or cash values of all matured or unmatured  
20   life insurance contracts and in all proceeds, cash values, or benefits  
21   accruing under all annuity contracts owned by such individual; and

22            (ii) An individual's interest in all loan values or cash values of  
23   all matured or unmatured life insurance contracts and in all proceeds,  
24   cash values, or benefits accruing under all annuity contracts owned by  
25   such individual, to the extent that the loan values or cash values of any  
26   matured or unmatured life insurance contract or the proceeds, cash  
27   values, or benefits accruing under any annuity contract were established  
28   or increased through contributions, premiums, or any other payments made  
29   within three years prior to bankruptcy or within three years prior to  
30   entry against the individual of a money judgment which thereafter becomes  
31   final.

1       (c) A fraternal benefit society shall not be liable or responsible  
2 to any person to determine or ascertain the existence or identity of any  
3 such creditors prior to payment of any such loan values, cash values,  
4 proceeds, or benefits.

5       (d) The Department of Revenue shall adjust the dollar limitation  
6 provided for in subdivision (1)(b)(i) of this section every fifth year  
7 commencing July 1, 2030. The adjusted limitation shall be equal to the  
8 then current limitation adjusted by the cumulative percentage change in  
9 the Consumer Price Index for All Urban Consumers, as prepared by the  
10 United States Department of Labor, Bureau of Labor Statistics, for the  
11 five-year period preceding the adjustment date. The adjusted limitation  
12 shall be rounded to the nearest hundred-dollar amount.

13       (3) Notwithstanding subsection (2) of this section, proceeds, cash  
14 values, and benefits accruing under any annuity contract or under any  
15 policy or certificate of life insurance payable upon the death of the  
16 insured to a beneficiary other than the estate of the insured shall not  
17 be exempt from attachment, garnishment, or other legal or equitable  
18 process by a judgment creditor of the beneficiary if the judgment against  
19 the beneficiary was based on, arose from, or was related to an act,  
20 transaction, or course of conduct for which the beneficiary has been  
21 convicted by any court of a crime punishable only by life imprisonment or  
22 death. No fraternal benefit society shall be liable or responsible to any  
23 person to determine or ascertain the existence or identity of any such  
24 judgment creditor prior to payment of any such proceeds, cash values, or  
25 benefits. This subsection shall apply to any judgment rendered on or  
26 after January 1, 1995, irrespective of when the criminal conviction is or  
27 was rendered and irrespective of whether proceedings for attachment,  
28 garnishment, or other legal or equitable process were pending on March  
29 14, 1997.

30       **Sec. 9.**      Original sections 8-1,131, 25-1558, 25-1559, 30-2322,  
31 30-2323, 44-371, and 44-1089, Reissue Revised Statutes of Nebraska, and

1 section 40-101, Revised Statutes Cumulative Supplement, 2024, are  
2 repealed.