

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 hundred dollars for a decedent who dies before January 1, 2011, and
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.