

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 938**

Introduced by Hallstrom, 1; Bosn, 25; Ibach, 44; Sorrentino, 39.

Read first time January 09, 2026

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2716, Revised Statutes Supplement, 2025; to adopt the First-Time
- 3 Home Buyer Savings Account Act; to provide for income tax
- 4 adjustments as prescribed; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1        **Section 1.** Sections 1 to 8 of this act shall be known and may be  
2 cited as the First-Time Home Buyer Savings Account Act.

3        **Sec. 2.** The Legislature declares that the purpose of allowing  
4 taxable income to be reduced by contributions to and earnings from a  
5 first-time home buyer savings account is to encourage first-time home  
6 ownership through incentivizing saving for a down payment and closing  
7 costs because of the significant financial and civic benefits home  
8 ownership provides for this state.

9        **Sec. 3.** For purposes of the First-Time Home Buyer Savings Account  
10 Act:

11        (1) Account holder means an individual who establishes an account  
12 with a financial institution that is designated as a first-time home  
13 buyer savings account;

14        (2) Department means the Department of Revenue;

15        (3) Eligible expenses means a down payment and any closing costs  
16 included on a real estate settlement statement, including, but not  
17 limited to, appraisal fees, mortgage origination fees, and inspection  
18 fees or any down payment costs and fees that may be included as part of  
19 financing the construction of a primary residence;

20        (4) Financial institution means a bank, savings bank, building and  
21 loan association, savings and loan association, or credit union, whether  
22 chartered by the United States, the Department of Banking and Finance, or  
23 a foreign state agency; any other similar organization which is covered  
24 by federal deposit insurance; or a trust company;

25        (5) First-time home buyer means an individual who:

26        (a) Has never owned or purchased under contract for deed, either  
27 individually or jointly, a single-family, owner-occupied primary  
28 residence, including, but not limited to, a condominium unit or a  
29 manufactured or mobile home that is assessed and taxed as real property;  
30 or

31        (b) As a result of the individual's dissolution of marriage, has not

1 been listed on a property title for at least three consecutive years or  
2 more;

3 (6) First-time home buyer savings account or account means an  
4 account with a financial institution designated as a first-time home  
5 buyer savings account in accordance with section 4 of this act; and

6 (7) Qualified beneficiary means a first-time home buyer designated  
7 by an account holder for whom the money in a first-time home buyer  
8 savings account is or will be used for eligible expenses for the purchase  
9 of the qualified beneficiary's primary residence.

10 **Sec. 4.** (1) Beginning January 1, 2027, any individual may open an  
11 account with a financial institution and designate the account, in its  
12 entirety, as a first-time home buyer savings account to be used to pay or  
13 reimburse a qualified beneficiary's eligible expenses for the purchase or  
14 construction of a primary residence in Nebraska. An individual may be the  
15 account holder of multiple accounts, and an individual may jointly own  
16 the account with another person if they file a joint income tax return.  
17 To be eligible for the subtraction under subsection (27) of section  
18 77-2716, an account holder must comply with the requirements of this  
19 section.

20 (2) An account holder must designate, no later than April 15 of the  
21 year following the taxable year during which the account is established,  
22 a first-time home buyer as the qualified beneficiary of the first-time  
23 home buyer savings account. The account holder may designate himself or  
24 herself as the qualified beneficiary. The account holder may change the  
25 designated qualified beneficiary at any time, but there shall not be more  
26 than one qualified beneficiary at any time. An account holder shall not  
27 have multiple accounts with the same qualified beneficiary, but an  
28 individual may be designated as the qualified beneficiary of multiple  
29 accounts.

30 (3) The following limits apply to a first-time home buyer savings  
31 account:

1       (a) The maximum contribution to a first-time home buyer savings  
2 account for a taxable year is five thousand dollars for an individual and  
3 ten thousand dollars for account holders who file a joint return; and

4       (b) The maximum amount of all contributions for all taxable years to  
5 a first-time home buyer savings account is twenty-five thousand dollars  
6 for an individual and fifty thousand dollars for account holders who file  
7 a joint return.

8       (4) Money may remain in a first-time home buyer savings account for  
9 unlimited duration without the contributions being subject to recapture  
10 or penalty.

11       (5) The account holder shall not use money in an account to pay  
12 expenses of administering the account, except that a service fee may be  
13 deducted from the account by a financial institution.

14       (6) The account holder is responsible for maintaining documentation  
15 for the first-time home buyer savings account and for eligible expenses  
16 related to the qualified beneficiary's purchase of his or her primary  
17 residence.

18       **Sec. 5.** (1)(a) The money in a first-time home buyer savings account  
19 may be:

20       (i) Used for eligible expenses related to a qualified beneficiary's  
21 purchase or construction of his or her primary residence in this state;

22       (ii) Used for eligible expenses related to a qualified beneficiary's  
23 purchase or construction of his or her primary residence in or outside  
24 the state if the qualified beneficiary is active-duty military and was  
25 stationed in Nebraska for any time after the creation of the account;

26       (iii) Used for expenses that would have qualified under subdivision  
27 (1)(a)(i) or (ii) of this section, but the contract for purchase or  
28 construction did not close;

29       (iv) Transferred to another newly created first-time home buyer  
30 savings account; or

31       (v) Used to pay a service fee that is assessed and deducted by the

1 financial institution.

2 (b) Subdivision (1)(a) of this section applies regardless of whether  
3 the qualified beneficiary is the sole owner of the primary residence or a  
4 joint owner with another person who does not qualify as a qualified  
5 beneficiary.

6 (c) The money in a first-time home buyer savings account may not be  
7 used for the purposes described in subdivisions (1)(a)(i), (ii), and  
8 (iii) of this section if the primary residence being purchased or  
9 constructed is a manufactured or mobile home that is not taxed as real  
10 property.

11 (2)(a) Money withdrawn from a first-time home buyer savings account  
12 is subject to recapture in the taxable year in which it is withdrawn if:

13 (i) At the time of the withdrawal, it has been less than a year  
14 since the first deposit in the first-time home buyer savings account; or

15 (ii) The money is used for any purpose other than those authorized  
16 in subsection (1) of this section.

17 (b) The amount subject to recapture shall be added to federal  
18 adjusted gross income pursuant to subdivision (27)(b) of section 77-2716.

19 (3) If any money is subject to recapture pursuant to subdivision (2)  
20 (a)(ii) of this section, the account holder shall pay to the department a  
21 penalty in the same taxable year as the recapture. If the withdrawal is  
22 made ten or fewer years after the first deposit in the first-time home  
23 buyer savings account, the penalty is equal to five percent of the amount  
24 subject to recapture. If the withdrawal is made more than ten years after  
25 the first deposit in the account, the penalty is equal to ten percent of  
26 the amount subject to recapture. The penalties provided in this  
27 subsection do not apply if:

28 (a) The money is used for eligible expenses related to a qualified  
29 beneficiary's purchase or construction of his or her primary residence  
30 outside of the state; or

31 (b) The money is from a first-time home buyer savings account for

1 which the qualified beneficiary dies and the account holder does not  
2 designate a new qualified beneficiary during the same taxable year.

3 (4) If the account holder or, if the first-time home buyer savings  
4 account is jointly owned, the account holders die, all of the money in  
5 the account that was subtracted from taxable income is subject to  
6 recapture in the taxable year of the death or deaths, but no penalty is  
7 due to the department.

8 **Sec. 6.** The department shall establish a form for an account holder  
9 to annually report information about a first-time home buyer savings  
10 account, including, but not limited to, how the money from the account is  
11 used, and shall identify any supporting documentation that is required to  
12 be maintained. To be eligible for the subtraction in subsection (27) of  
13 section 77-2716, an account holder must annually file with his or her  
14 state income tax return the completed form, the 1099 form for the account  
15 issued by the financial institution, and any other supporting  
16 documentation the department requires.

17 **Sec. 7.** (1) A financial institution is not required to:

18 (a) Designate an account as a first-time home buyer savings account,  
19 or designate the qualified beneficiaries of an account, in the financial  
20 institution's account contracts or systems or in any other way;

21 (b) Track the use of money withdrawn from a first-time home buyer  
22 savings account; or

23 (c) Report any information to the department or any other  
24 governmental agency that is not otherwise required by law.

25 (2) A financial institution is not responsible or liable for:

26 (a) Determining or ensuring that an account holder is eligible for a  
27 subtraction under subsection (27) of section 77-2716;

28 (b) Determining or ensuring that money in the account is used for an  
29 eligible expense; or

30 (c) Reporting or remitting taxes or penalties related to the use of  
31 money in a first-time home buyer savings account.

1       (3) In implementing the First-Time Home Buyer Savings Account Act,  
2       the department shall not establish any administrative, reporting, or  
3       other requirements on financial institutions that are outside the scope  
4       of normal account procedures.

5       **Sec. 8.**     The department may adopt and promulgate rules and  
6       regulations to carry out the First-Time Home Buyer Savings Account Act.

7       **Sec. 9.**     Section 77-2716, Revised Statutes Supplement, 2025, is  
8       amended to read:

9       77-2716 (1) The following adjustments to federal adjusted gross  
10      income or, for corporations and fiduciaries, federal taxable income shall  
11      be made for interest or dividends received:

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

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

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

27      (c) There shall be added interest or dividends received by the owner  
28      of obligations of the District of Columbia, other states of the United  
29      States, or their political subdivisions, authorities, commissions, or  
30      instrumentalities to the extent excluded in the computation of gross  
31      income for federal income tax purposes except that such interest or

1 dividends shall not be added if received by a corporation which is a  
2 regulated investment company;

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

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

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

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

30 (3) There shall be subtracted from federal adjusted gross income for  
31 all taxable years beginning on or after January 1, 1987, the amount of



1 any state income tax refund to the extent such refund was deducted under  
2 the Internal Revenue Code, was not allowed in the computation of the tax  
3 due under the Nebraska Revenue Act of 1967, and is included in federal  
4 adjusted gross income.

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

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

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

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

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

30 (c) The result of the calculation in subdivision (b) of this  
31 subsection shall be subtracted from the amount of federal taxable income

1 used in subdivision (a) of this subsection. The result of such  
2 calculation, if greater than zero, shall be subtracted from federal  
3 taxable income.

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

7 (8)(a) Federal adjusted gross income or, for corporations and  
8 fiduciaries, federal taxable income shall be reduced, to the extent  
9 included, by income from interest, earnings, and state contributions  
10 received from the Nebraska educational savings plan trust as provided in  
11 sections 77-1415 to 77-1430 and any account established under the  
12 achieving a better life experience program as provided in sections  
13 77-1401 to 77-1409.

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

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

1 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
2 federal adjusted gross income shall be reduced, to the extent included in  
3 the adjusted gross income of an individual, by the amount of any  
4 contribution made by the individual's employer into an account under the  
5 Nebraska educational savings plan trust owned by the individual, not to  
6 exceed five thousand dollars per married filing separate return or ten  
7 thousand dollars for any other return.

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

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

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

18 (9)(a) For income tax returns filed after September 10, 2001, for  
19 taxable years beginning or deemed to begin before January 1, 2006, under  
20 the Internal Revenue Code of 1986, as amended, federal adjusted gross  
21 income or, for corporations and fiduciaries, federal taxable income shall  
22 be increased by eighty-five percent of any amount of any federal bonus  
23 depreciation received under the federal Job Creation and Worker  
24 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,  
25 under section 168(k) or section 1400L of the Internal Revenue Code of  
26 1986, as amended, for assets placed in service after September 10, 2001,  
27 and before December 31, 2005.

28 (b) For a partnership, limited liability company, cooperative,  
29 including any cooperative exempt from income taxes under section 521 of  
30 the Internal Revenue Code of 1986, as amended, limited cooperative  
31 association, subchapter S corporation, or joint venture, the increase

1 shall be distributed to the partners, members, shareholders, patrons, or  
2 beneficiaries in the same manner as income is distributed for use against  
3 their income tax liabilities.

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

8 (d) The amount of bonus depreciation added to federal adjusted gross  
9 income or, for corporations and fiduciaries, federal taxable income by  
10 this subsection shall be subtracted in a later taxable year. Twenty  
11 percent of the total amount of bonus depreciation added back by this  
12 subsection for tax years beginning or deemed to begin before January 1,  
13 2003, under the Internal Revenue Code of 1986, as amended, may be  
14 subtracted in the first taxable year beginning or deemed to begin on or  
15 after January 1, 2005, under the Internal Revenue Code of 1986, as  
16 amended, and twenty percent in each of the next four following taxable  
17 years. Twenty percent of the total amount of bonus depreciation added  
18 back by this subsection for tax years beginning or deemed to begin on or  
19 after January 1, 2003, may be subtracted in the first taxable year  
20 beginning or deemed to begin on or after January 1, 2006, under the  
21 Internal Revenue Code of 1986, as amended, and twenty percent in each of  
22 the next four following taxable years.

23 (10) For taxable years beginning or deemed to begin on or after  
24 January 1, 2003, and before January 1, 2006, under the Internal Revenue  
25 Code of 1986, as amended, federal adjusted gross income or, for  
26 corporations and fiduciaries, federal taxable income shall be increased  
27 by the amount of any capital investment that is expensed under section  
28 179 of the Internal Revenue Code of 1986, as amended, that is in excess  
29 of twenty-five thousand dollars that is allowed under the federal Jobs  
30 and Growth Tax Act of 2003. Twenty percent of the total amount of  
31 expensing added back by this subsection for tax years beginning or deemed

1 to begin on or after January 1, 2003, may be subtracted in the first  
2 taxable year beginning or deemed to begin on or after January 1, 2006,  
3 under the Internal Revenue Code of 1986, as amended, and twenty percent  
4 in each of the next four following tax years.

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

13 (b) For taxable years beginning or deemed to begin before January 1,  
14 2018, under the Internal Revenue Code of 1986, as amended, federal  
15 adjusted gross income shall be increased by the withdrawals made as a  
16 participant in the Nebraska long-term care savings plan under the act by  
17 a person who is not a qualified individual or for any reason other than  
18 transfer of funds to a spouse, long-term care expenses, long-term care  
19 insurance premiums, or death of the participant, including withdrawals  
20 made by reason of cancellation of the participation agreement, to the  
21 extent previously deducted as a contribution or as investment earnings.

22 (12) There shall be added to federal adjusted gross income for  
23 individuals, estates, and trusts any amount taken as a credit for  
24 franchise tax paid by a financial institution under sections 77-3801 to  
25 77-3807 as allowed by subsection (5) of section 77-2715.07.

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

31 (i) For taxpayers filing a married filing joint return, federal

1 adjusted gross income is fifty-eight thousand dollars or less; or

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

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

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

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

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

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

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

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

1 1986, as amended.

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

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

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

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

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

1 reported to the individual on either:

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

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

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

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

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

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

30 (20) For taxable years beginning or deemed to begin on or after  
31 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an



1 individual may reduce his or her federal adjusted gross income by the  
2 amounts received as annuities under the Civil Service Retirement System  
3 which were earned for being employed by the federal government, to the  
4 extent such amounts are included in federal adjusted gross income.

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

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

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

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

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

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

30 (23) For taxable years beginning or deemed to begin on or after  
31 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an

1 individual who is a qualifying employee as defined in section 77-3108 may  
2 reduce his or her federal adjusted gross income by the amount allowed  
3 under section 77-3111.

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

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

18 (26) There shall be subtracted from federal adjusted gross income  
19 or, for corporations and fiduciaries, federal taxable income for all  
20 taxable years beginning on or after January 1, 2025, the amount of any  
21 net capital gain that is derived from the sale or exchange of gold or  
22 silver bullion to the extent such gain is included in federal adjusted  
23 gross income except that such gain shall not be subtracted if the gain is  
24 derived from the sale of bullion as a taxable distribution from any  
25 retirement plan account that holds gold or silver bullion. For the  
26 purposes of this subsection, bullion has the same meaning as in section  
27 77-2704.66.

28 (27)(a) For taxable years beginning or deemed to begin on or after  
29 January 1, 2027, under the Internal Revenue Code of 1986, as amended,  
30 federal adjusted gross income shall be reduced by the amount contributed  
31 to a first-time home buyer savings account under the First-Time Home

1 Buyer Savings Account Act not to exceed five thousand dollars for  
2 individual taxpayers or ten thousand dollars for married filing jointly  
3 taxpayers and, to the extent included, by an amount equal to any interest  
4 and other income earned during the taxable year on the investment of  
5 money in a first-time home buyer savings account. Any subtraction taken  
6 under this subdivision is subject to recapture under subdivision (27)(b)  
7 of this section.

8       (b) For taxable years beginning or deemed to begin on or after  
9 January 1, 2027, under the Internal Revenue Code of 1986, as amended,  
10 federal adjusted gross income shall be increased by any amount recaptured  
11 for the taxable year pursuant to section 5 of this act.

12       **Sec. 10.**   Original section 77-2716, Revised Statutes Supplement,  
13 2025, is repealed.