

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	235,157	0	0	0	235,157
FY2027-2028	111,400	0	0	0	111,400
FY2028-2029	114,800	0	0	0	114,800
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	(125,685)	0	0	0	(125,685)
FY2028-2029	(126,439)	0	0	0	(126,439)

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB938 would create the First-Time Home Buyer Savings Account Act. This act would allow taxpayers who have never owned or purchased under contract for deed a single-family, owner-occupied primary residence to open a first-time home buyer savings account to be used to pay eligible expenses for the purchase or construction of a primary residence in Nebraska. Contributions to such an account are limited to \$5,000 per tax year for an individual and \$10,000 for joint filers, with a maximum of \$25,000 for individuals and \$50,000 for joint filers for all contributions for all taxable years.

The bill also amends Neb. Rev. Stat. §§77-2716 to allow for an adjustment of federal adjusted gross income for contributions to a home buyer savings account beginning January, 1 2027. The adjustment includes amounts contributed to the fund, any interest income earned by the fund, and any amounts recaptured if funds are not used for an eligible purpose. An individual may hold multiple home-buyer accounts, but account holder may not designate the same beneficiary on more than one account. The account holder must designate the beneficiary of the account by April 15 of the year following the taxable year during which the account is established. An account holder and the designated beneficiary may be the same person.

Eligible expenses include down payments and any closing costs included on real estate or costs associated with financing the construction of a primary residence in Nebraska. These expenses are also considered eligible if the contract for the purchase or construction did not close, or the costs were incurred to purchase a primary residence outside Nebraska if the qualified beneficiary is active-duty military and was stationed in Nebraska any time after the creation of the account.

LB938 also requires that the Department of Revenue (DOR) establish a form for account holders to annually report information about the first-time home buyer savings account that includes how the money from the account was used and other supporting documentation. The bill further states that financial institutions are not required to designate an account as a first-time home buyer savings account, track the use of withdrawals from a home-buyer account, or provide any other information to DOR or other agency that is not otherwise required by law. Nor are financial institutions responsible for determining that account holders are eligible for the income tax reduction, determining if the funds are used for eligible expenses, or reporting taxes or penalties related to the use of money in the home-buyer accounts.

DOR estimates the following General Fund impacts due to the provisions of LB938:

- FY2026-27 \$0
- FY2027-28 (\$125,685)
- FY2028-29 (\$126,439)

DOR also estimates a one-time programming charge of \$117,057 paid to the OCIO for mainframe and web development costs needed to implement the bill. In addition, DOR will require the services of an Information Technology Applications Developer/Senior and a Revenue Operations Clerk II. The Department of Banking and Finance estimates no fiscal impact to their agency due to the provisions of LB938.

There is no basis to disagree with these estimates.

Please complete ALL (5) blanks in the first three lines.

2026

LB⁽¹⁾ 938

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Department of Banking and Finance

Prepared by: ⁽³⁾ John Drahota

Date Prepared: 01/16/2026
⁽⁴⁾

Phone: ⁽⁵⁾ (402) 471-4954

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	_____	_____

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
...	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
.	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
.	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 938 AM: AGENCY/POLT. SUB: Department of Banking and Finance

REVIEWED BY: Ryan Yang DATE: 1/20/2025 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the Department of Banking and Finance assessment of no fiscal impact from LB 938.

more than ten years after the first deposit in the account, or five percent if the withdrawal is made ten or fewer years after the first deposit in the Account.

The Act allows the same individual to hold several Accounts (and to jointly own the Account with the other person filing jointly) and transfer amounts between different Accounts, provided each account has a different designated beneficiary. The maximum contribution for a taxable year is \$5,000 for a taxable year for an individual and \$10,000 for joint filers. The adjustment cannot exceed the “aggregate lifetime limit” of \$50, 000 for joint filers and for any other individuals, \$25, 000.

The Act states that financial institutions are Not required to report any information to DOR. The financial institution is not responsible for reporting or remitting taxes or penalties related to the use of money in a first-time home buyer savings account.

Per Section 6 of LB938, the DOR must do the following (at minimum):

- 1) establish a form for an account holder to annually report information about a first-time home buyer savings account, including, but not limited to, how the money from the account is used, and
- 2) identify any supporting documentation that is required to be maintained.

To be eligible for the subtraction in subsection (27) of section 77-2716, an account holder must: annually file with his or her state income tax return the completed form, the 1099 form for the account issued by the financial institution, and any other supporting documentation the department requires; maintain documentation for the first-time home buyer savings account and for eligible expenses related to the qualified beneficiary's purchase of his or her primary residence. The DOR may adopt and promulgate rules and regulations to implement the First-Time Homebuyers Savings Account Act.

It is estimated that this bill will have the following fiscal impacts.

Fiscal year	General Fund revenues
FY 26-27	\$0
FY 27-28	(\$125,685)
FY 28-29	(\$126,439)

LB938 will require a one-time programming charge of \$117,057 paid to the OCIO for mainframe development and web development. The DOR will need to hire 0.5 FTE Information Technology Applications Developer/Senior and 1 FTE Revenue Op Clerk II to implement this bill.