

LEGISLATIVE BILL 342

Approved by the Governor March 10, 1997

Introduced by Warner, 25; Bohlke, 33

AN ACT relating to revenue and taxation; to amend sections 77-112, 77-508.01, 77-1365, and 79-1016, Reissue Revised Statutes of Nebraska; to provide for the correction of clerical errors in valuation used for school finance purposes; to change terminology; to harmonize provisions; to repeal the original sections; and to declare an emergency.

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

Section 1. Section 77-112, Reissue Revised Statutes of Nebraska, is amended to read:

77-112. (1) Actual value of real property for purposes of taxation shall mean the market value of real property in the ordinary course of trade. Actual value may be determined using professionally accepted mass appraisal techniques methods, including, but not limited to:

(a) Comparison with sales of real property of known or recognized value, taking into account location, zoning, and current functional use;

(b) Earning capacity of the real property; and

(c) Reproduction cost less depreciation.

(2) Taxable value of agricultural land and horticultural land for purposes of taxation shall mean the value determined pursuant to sections 77-1359 to 77-1365.

Sec. 2. Section 77-508.01, Reissue Revised Statutes of Nebraska, is amended to read:

77-508.01. The State Board of Equalization and Assessment shall, pursuant to section 77-508, raise or lower the valuation of any class or subclass of property in a county when it is necessary to achieve intercounty equalization. In determining the necessity for such intercounty equalization and for the purposes of advising the board, the Property Tax Administrator shall employ the valuation techniques methods in section 77-112, when applicable, as well as a sales-assessment ratio study. In those counties where the number of valid or bona fide sales of real estate is not considered sufficient to furnish conclusive evidence as to the ratio of assessed values to sales values, the Property Tax Administrator may conduct and use an appraisal to determine sales-assessment ratio. In addition to the authority to conduct and use an appraisal in any ratio determination, the Property Tax Administrator may employ transfers of comparable real estate in surrounding counties as indicators of value in the sales-assessment ratio. When an appraisal does not reflect current values to use in such ratio computation, the Property Tax Administrator shall have the necessary appraisals conducted by qualified appraisers, and such appraisals shall be used in the ratio computation. The Property Tax Administrator may use any other relevant matter in considering intercounty equalization.

Sec. 3. Section 77-1365, Reissue Revised Statutes of Nebraska, is amended to read:

77-1365. Capitalization rates used in determining the actual value of agricultural land and horticultural land by use of an earnings capacity approach shall be calculated by using professionally accepted mass appraisal techniques methods. Information considered in such calculations shall be obtained from analysis of information from the same most recent five-year period analyzed pursuant to section 77-1364 adjusted to reflect a current determination of actual value.

Sec. 4. Section 79-1016, Reissue Revised Statutes of Nebraska, is amended to read:

79-1016. (1) On or before July 1 of each year, the Property Tax Administrator shall compute and certify to the State Department of Education the adjusted valuation for the current calendar year of each district for each class of property in each such district so that the valuation of property for each district, for purposes of determining state aid pursuant to the Tax Equity and Educational Opportunities Support Act, shall reflect as nearly as possible state aid value as defined in subsection (2) of this section. The Property Tax Administrator shall also notify each school district of its adjusted valuation for the current calendar year by class on or before July 1 of each year. Establishment of the adjusted valuation shall be based on assessment practices established by rule and regulation adopted and promulgated by the Property Tax Administrator. The assessment practices may

include, but not be limited to, the appraisal techniques methods listed in section 77-112.

(2) For purposes of this section, state aid value means:

(a) For real property other than agricultural land, one hundred percent of market value;

(b) For agricultural land, eighty percent of market value as provided in sections 77-1359 to 77-1365;

(c) For personal property other than motor vehicles, the net book value as defined in section 77-120; and

(d) For motor vehicles, the value established pursuant to section 77-1239.

(3) ~~Prior to August 1~~ On or before July 31, any school district may file with the Property Tax Administrator written objections to the adjusted valuations prepared by the Property Tax Administrator, stating the reasons why such adjusted valuations are not the valuations required by subsection (2) of this section. The Property Tax Administrator shall fix a time for a hearing. Either party shall be permitted to introduce any evidence in reference thereto. ~~Prior to December 1~~ On or before November 30, the Property Tax Administrator shall enter an order modifying or declining to modify, in whole or in part, the adjusted valuations and shall certify the order to the State Department of Education. Modification by the Property Tax Administrator shall be based upon the evidence introduced at hearing and shall not be limited to the modification requested in the written objections or at hearing. The final determination of the Property Tax Administrator may be appealed to the Tax Equalization and Review Commission.

(4) The Property Tax Administrator shall, on the date the adjusted valuations are certified to the State Department of Education under subsection (1) of this section, cause to be published notice of such adjusted valuations in a newspaper published or of general circulation in each county in Nebraska.

(5) On or before March 15, 1997, for adjusted valuations certified in 1996, and on or before October 31 for adjusted valuations certified each year thereafter, any school district or county official may file with the Property Tax Administrator a written request for a nonappealable correction of the adjusted valuation due to clerical error. For purposes of this subsection, clerical error means transposition of numbers, allocation of value to the wrong school district, mathematical error, and omitted value. On or before March 31, 1997, for adjusted valuations certified in 1996, and on or before November 30 for valuations certified each year thereafter, the Property Tax Administrator shall approve or deny the request and, if approved, certify the corrected adjusted valuations resulting from such action to the State Department of Education.

~~(5)~~ (6) No injunction shall be granted restraining the distribution of state aid based upon the adjusted valuations pursuant to this section.

Sec. 5. Original sections 77-112, 77-508.01, 77-1365, and 79-1016, Reissue Revised Statutes of Nebraska, are repealed.

Sec. 6. Since an emergency exists, this act takes effect when passed and approved according to law.