

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION  
**LEGISLATIVE BILL 670**

Introduced by McCoy, 39.

Read first time January 08, 2014

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections 77-201  
2 and 77-5023, Reissue Revised Statutes of Nebraska, and  
3 section 79-1016, Revised Statutes Cumulative Supplement,  
4 2012; to change valuation of agricultural land and  
5 horticultural land; to harmonize school aid provisions;  
6 to provide an operative date; and to repeal the original  
7 sections.

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

1                   Section 1. Section 77-201, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3                   77-201 (1) Except as provided in subsections (2) through  
4 (4) of this section, all real property in this state, not expressly  
5 exempt therefrom, shall be subject to taxation and shall be valued at  
6 its actual value.

7                   (2) Agricultural land and horticultural land as defined  
8 in section 77-1359 shall constitute a separate and distinct class of  
9 property for purposes of property taxation, shall be subject to  
10 taxation, unless expressly exempt from taxation, and shall be valued  
11 at ~~seventy-five percent~~ a percentage of its actual value as  
12 follows: -

13                   (a) For tax year 2015, seventy-two percent of its actual  
14 value;

15                   (b) For tax year 2016, sixty-nine percent of its actual  
16 value; and

17                   (c) For tax year 2017 and each tax year thereafter,  
18 sixty-five percent of its actual value.

19                   (3) Agricultural land and horticultural land actively  
20 devoted to agricultural or horticultural purposes which has value for  
21 purposes other than agricultural or horticultural uses and which  
22 meets the qualifications for special valuation under section 77-1344  
23 shall constitute a separate and distinct class of property for  
24 purposes of property taxation, shall be subject to taxation, and  
25 shall be valued for taxation at ~~seventy-five percent~~ a percentage of

1 its special ~~value~~valuation as defined in section 77-1343 as  
2 follows: -

3 (a) For tax year 2015, seventy-two percent of its special  
4 valuation;

5 (b) For tax year 2016, sixty-nine percent of its special  
6 valuation; and

7 (c) For tax year 2017 and each tax year thereafter,  
8 sixty-five percent of its special valuation.

9 (4) Historically significant real property which meets  
10 the qualifications for historic rehabilitation valuation under  
11 sections 77-1385 to 77-1394 shall be valued for taxation as provided  
12 in such sections.

13 (5) Tangible personal property, not including motor  
14 vehicles registered for operation on the highways of this state,  
15 shall constitute a separate and distinct class of property for  
16 purposes of property taxation, shall be subject to taxation, unless  
17 expressly exempt from taxation, and shall be valued at its net book  
18 value. Tangible personal property transferred as a gift or devise or  
19 as part of a transaction which is not a purchase shall be subject to  
20 taxation based upon the date the property was acquired by the  
21 previous owner and at the previous owner's Nebraska adjusted basis.  
22 Tangible personal property acquired as replacement property for  
23 converted property shall be subject to taxation based upon the date  
24 the converted property was acquired and at the Nebraska adjusted  
25 basis of the converted property unless insurance proceeds are payable

1 by reason of the conversion. For purposes of this subsection, (a)  
2 converted property means tangible personal property which is  
3 compulsorily or involuntarily converted as a result of its  
4 destruction in whole or in part, theft, seizure, requisition, or  
5 condemnation, or the threat or imminence thereof, and no gain or loss  
6 is recognized for federal or state income tax purposes by the holder  
7 of the property as a result of the conversion and (b) replacement  
8 property means tangible personal property acquired within two years  
9 after the close of the calendar year in which tangible personal  
10 property was converted and which is, except for date of construction  
11 or manufacture, substantially the same as the converted property.

12 Sec. 2. Section 77-5023, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14 77-5023 (1) Pursuant to section 77-5022, the commission  
15 shall have the power to increase or decrease the value of a class or  
16 subclass of real property in any county or taxing authority or of  
17 real property valued by the state so that all classes or subclasses  
18 of real property in all counties fall within an acceptable range.

19 (2) An acceptable range is the percentage of variation  
20 from a standard for valuation as measured by an established indicator  
21 of central tendency of assessment. Acceptable ranges are:

22 (a) For agricultural land and horticultural land as  
23 defined in section 77-1359: ~~\_, sixty nine to seventy five percent of~~  
24 ~~actual value;~~

25 (i) For tax year 2015, sixty-six to seventy-two percent

1 of actual value;

2 (ii) For tax year 2016, sixty-three to sixty-nine percent  
3 of actual value; and

4 (iii) For tax year 2017 and each tax year thereafter,  
5 fifty-nine to sixty-five percent of actual value;

6 (b) ~~for~~For lands receiving special valuation as defined  
7 in section 77-1343: , sixty-nine to seventy-five percent of special  
8 valuation as defined in section 77-1343; and

9 (i) For tax year 2015, sixty-six to seventy-two percent  
10 of special valuation;

11 (ii) For tax year 2016, sixty-three to sixty-nine percent  
12 of special valuation; and

13 (iii) For tax year 2017 and each tax year thereafter,  
14 fifty-nine to sixty-five percent of special valuation; and

15 (c) ~~for~~For all other real property, ninety-two to one  
16 hundred percent of actual value.

17 (3) Any increase or decrease shall cause the level of  
18 value determined by the commission to be at the midpoint of the  
19 applicable acceptable range.

20 (4) Any decrease or increase to a subclass of property  
21 shall also cause the level of value determined by the commission for  
22 the class from which the subclass is drawn to be within the  
23 applicable acceptable range.

24 (5) Whether or not the level of value determined by the  
25 commission falls within an acceptable range or at the midpoint of an

1 acceptable range may be determined to a reasonable degree of  
2 certainty relying upon generally accepted mass appraisal techniques.

3 Sec. 3. Section 79-1016, Revised Statutes Cumulative  
4 Supplement, 2012, is amended to read:

5 79-1016 (1) On or before August 25, the county assessor  
6 shall certify to the Property Tax Administrator the total taxable  
7 value by school district in the county for the current assessment  
8 year on forms prescribed by the Tax Commissioner. The county assessor  
9 may amend the filing for changes made to the taxable valuation of the  
10 school district in the county if corrections or errors on the  
11 original certification are discovered. Amendments shall be certified  
12 to the Property Tax Administrator on or before September 30.

13 (2) On or before October 10, the Property Tax  
14 Administrator shall compute and certify to the State Department of  
15 Education the adjusted valuation for the current assessment year for  
16 each class of property in each school district and each local system.  
17 The adjusted valuation of property for each school district and each  
18 local system, for purposes of determining state aid pursuant to the  
19 Tax Equity and Educational Opportunities Support Act, shall reflect  
20 as nearly as possible state aid value as defined in subsection (3) of  
21 this section. The Property Tax Administrator shall notify each school  
22 district and each local system of its adjusted valuation for the  
23 current assessment year by class of property on or before October 10.  
24 Establishment of the adjusted valuation shall be based on the taxable  
25 value certified by the county assessor for each school district in

1 the county adjusted by the determination of the level of value for  
 2 each school district from an analysis of the comprehensive assessment  
 3 ratio study or other studies developed by the Property Tax  
 4 Administrator, in compliance with professionally accepted mass  
 5 appraisal techniques, as required by section 77-1327. The Tax  
 6 Commissioner shall adopt and promulgate rules and regulations setting  
 7 forth standards for the determination of level of value for state aid  
 8 purposes.

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

10 (a) For real property other than agricultural and  
 11 horticultural land, ninety-six percent of actual value;

12 ~~(b)~~ (b)(i) For agricultural and horticultural land,  
 13 ~~seventy-two percent~~ a percentage of actual value as provided in  
 14 sections 77-1359 ~~to~~ and 77-1363 as follows: -

15 (A) For tax year 2015, sixty-nine percent of actual  
 16 value;

17 (B) For tax year 2016, sixty-six percent of actual value;  
 18 and

19 (C) For tax year 2017 and each tax year thereafter,  
 20 sixty-two percent of actual value.

21 (ii) For agricultural and horticultural land that  
 22 receives special valuation pursuant to section 77-1344, ~~seventy-two~~  
 23 ~~percent~~ a percentage of special valuation as defined in section  
 24 77-1343 as follows: ~~;~~ and

25 (A) For tax year 2015, sixty-nine percent of special

1 valuation;

2 (B) For tax year 2016, sixty-six percent of special  
3 valuation; and

4 (C) For tax year 2017 and each tax year thereafter,  
5 sixty-two percent of special valuation; and

6 (c) For personal property, the net book value as defined  
7 in section 77-120.

8 (4) On or before November 10, any local system may file  
9 with the Tax Commissioner written objections to the adjusted  
10 valuations prepared by the Property Tax Administrator, stating the  
11 reasons why such adjusted valuations are not the valuations required  
12 by subsection (3) of this section. The Tax Commissioner shall fix a  
13 time for a hearing. Either party shall be permitted to introduce any  
14 evidence in reference thereto. On or before January 1, the Tax  
15 Commissioner shall enter a written order modifying or declining to  
16 modify, in whole or in part, the adjusted valuations and shall  
17 certify the order to the State Department of Education. Modification  
18 by the Tax Commissioner shall be based upon the evidence introduced  
19 at hearing and shall not be limited to the modification requested in  
20 the written objections or at hearing. A copy of the written order  
21 shall be mailed to the local system within seven days after the date  
22 of the order. The written order of the Tax Commissioner may be  
23 appealed within thirty days after the date of the order to the Tax  
24 Equalization and Review Commission in accordance with section  
25 77-5013.

1           (5) On or before November 10, any local system or county  
2 official may file with the Tax Commissioner a written request for a  
3 nonappealable correction of the adjusted valuation due to clerical  
4 error as defined in section 77-128 or, for agricultural and  
5 horticultural land, assessed value changes by reason of land  
6 qualified or disqualified for special use valuation pursuant to  
7 sections 77-1343 to 77-1347.01. On or before the following January 1,  
8 the Tax Commissioner shall approve or deny the request and, if  
9 approved, certify the corrected adjusted valuations resulting from  
10 such action to the State Department of Education.

11           (6) On or before May 31 of the year following the  
12 certification of adjusted valuation pursuant to subsection (2) of  
13 this section, any local system or county official may file with the  
14 Tax Commissioner a written request for a nonappealable correction of  
15 the adjusted valuation due to changes to the tax list that change the  
16 assessed value of taxable property. Upon the filing of the written  
17 request, the Tax Commissioner shall require the county assessor to  
18 recertify the taxable valuation by school district in the county on  
19 forms prescribed by the Tax Commissioner. The recertified valuation  
20 shall be the valuation that was certified on the tax list, pursuant  
21 to section 77-1613, increased or decreased by changes to the tax list  
22 that change the assessed value of taxable property in the school  
23 district in the county in the prior assessment year. On or before the  
24 following July 31, the Tax Commissioner shall approve or deny the  
25 request and, if approved, certify the corrected adjusted valuations

1 resulting from such action to the State Department of Education.

2 (7) No injunction shall be granted restraining the  
3 distribution of state aid based upon the adjusted valuations pursuant  
4 to this section.

5 (8) A school district whose state aid is to be calculated  
6 pursuant to subsection (5) of this section and whose state aid  
7 payment is postponed as a result of failure to calculate state aid  
8 pursuant to such subsection may apply to the state board for lump-sum  
9 payment of such postponed state aid. Such application may be for any  
10 amount up to one hundred percent of the postponed state aid. The  
11 state board may grant the entire amount applied for or any portion of  
12 such amount. The state board shall notify the Director of  
13 Administrative Services of the amount of funds to be paid in a lump  
14 sum and the reduced amount of the monthly payments. The Director of  
15 Administrative Services shall, at the time of the next state aid  
16 payment made pursuant to section 79-1022, draw a warrant for the  
17 lump-sum amount from appropriated funds and forward such warrant to  
18 the district.

19 Sec. 4. This act becomes operative on January 1, 2015.

20 Sec. 5. Original sections 77-201 and 77-5023, Reissue  
21 Revised Statutes of Nebraska, and section 79-1016, Revised Statutes  
22 Cumulative Supplement, 2012, are repealed.