

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1027

Introduced by Erdman, 47; Burling, 33; Dubas, 34; Fulton, 29;
Hudkins, 21; Karpisek, 32; Loudon, 49; McDonald, 41.

Read first time January 17, 2008

Committee: Agriculture

A BILL

1 FOR AN ACT relating to agriculture; to amend sections 77-202 and
2 77-5201, Revised Statutes Cumulative Supplement, 2006;
3 to provide a personal property tax exemption under the
4 Beginning Farmer Tax Credit Act; to harmonize provisions;
5 and to repeal the original sections.

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

1 Section 1. Section 77-202, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 77-202 (1) The following property shall be exempt from
4 property taxes:

5 (a) Property of the state and its governmental
6 subdivisions to the extent used or being developed for use by
7 the state or governmental subdivision for a public purpose. For
8 purposes of this subdivision, public purpose means use of the
9 property (i) to provide public services with or without cost to the
10 recipient, including the general operation of government, public
11 education, public safety, transportation, public works, civil and
12 criminal justice, public health and welfare, developments by a
13 public housing authority, parks, culture, recreation, community
14 development, and cemetery purposes, or (ii) to carry out the
15 duties and responsibilities conferred by law with or without
16 consideration. Public purpose does not include leasing of property
17 to a private party unless the lease of the property is at fair
18 market value for a public purpose. Leases of property by a public
19 housing authority to low-income individuals as a place of residence
20 are for the authority's public purpose;

21 (b) Unleased property of the state or its governmental
22 subdivisions which is not being used or developed for use for
23 a public purpose but upon which a payment in lieu of taxes is
24 paid for public safety, rescue, and emergency services and road
25 or street construction or maintenance services to all governmental

1 units providing such services to the property. Except as provided
2 in Article VIII, section 11, of the Constitution of Nebraska,
3 the payment in lieu of taxes shall be based on the proportionate
4 share of the cost of providing public safety, rescue, or emergency
5 services and road or street construction or maintenance services
6 unless a general policy is adopted by the governing body of the
7 governmental subdivision providing such services which provides for
8 a different method of determining the amount of the payment in
9 lieu of taxes. The governing body may adopt a general policy by
10 ordinance or resolution for determining the amount of payment in
11 lieu of taxes by majority vote after a hearing on the ordinance
12 or resolution. Such ordinance or resolution shall nevertheless
13 result in an equitable contribution for the cost of providing such
14 services to the exempt property;

15 (c) Property owned by and used exclusively for
16 agricultural and horticultural societies;

17 (d) Property owned by educational, religious, charitable,
18 or cemetery organizations, or any organization for the exclusive
19 benefit of any such educational, religious, charitable, or cemetery
20 organization, and used exclusively for educational, religious,
21 charitable, or cemetery purposes, when such property is not
22 (i) owned or used for financial gain or profit to either the
23 owner or user, (ii) used for the sale of alcoholic liquors for
24 more than twenty hours per week, or (iii) owned or used by
25 an organization which discriminates in membership or employment

1 based on race, color, or national origin. For purposes of this
2 subdivision, educational organization means (A) an institution
3 operated exclusively for the purpose of offering regular courses
4 with systematic instruction in academic, vocational, or technical
5 subjects or assisting students through services relating to the
6 origination, processing, or guarantying of federally reinsured
7 student loans for higher education or (B) a museum or historical
8 society operated exclusively for the benefit and education of the
9 public. For purposes of this subdivision, charitable organization
10 means an organization operated exclusively for the purpose of the
11 mental, social, or physical benefit of the public or an indefinite
12 number of persons; and

13 (e) Household goods and personal effects not owned or
14 used for financial gain or profit to either the owner or user.

15 (2) The increased value of land by reason of shade and
16 ornamental trees planted along the highway shall not be taken into
17 account in the valuation of land.

18 (3) Tangible personal property which is not depreciable
19 tangible personal property as defined in section 77-119 shall be
20 exempt from property tax.

21 (4) Motor vehicles required to be registered for
22 operation on the highways of this state shall be exempt from
23 payment of property taxes.

24 (5) Business and agricultural inventory shall be exempt
25 from the personal property tax. For purposes of this subsection,

1 business inventory includes personal property owned for purposes
2 of leasing or renting such property to others for financial gain
3 only if the personal property is of a type which in the ordinary
4 course of business is leased or rented thirty days or less and
5 may be returned at the option of the lessee or renter at any time
6 and the personal property is of a type which would be considered
7 household goods or personal effects if owned by an individual. All
8 other personal property owned for purposes of leasing or renting
9 such property to others for financial gain shall not be considered
10 business inventory.

11 (6) Any personal property exempt pursuant to subsection
12 (2) of section 77-4105 or section 3 of this act shall be exempt
13 from the personal property tax.

14 (7) Livestock shall be exempt from the personal property
15 tax.

16 (8) Any personal property exempt pursuant to the Nebraska
17 Advantage Act shall be exempt from the personal property tax.

18 Sec. 2. Section 77-5201, Revised Statutes Cumulative
19 Supplement, 2006, is amended to read:

20 77-5201 Sections 77-5201 to 77-5215 and section 3 of this
21 act shall be known and may be cited as the Beginning Farmer Tax
22 Credit Act.

23 Sec. 3. Beginning January 1, 2009, the taxable, tangible
24 personal property of a qualified beginning farmer or livestock
25 producer used to produce agricultural or horticultural products

1 in the beginning farmer's farming or livestock operation shall
2 be exempt from personal property tax to the extent provided in
3 this section. The exemption shall be for a period of three years
4 beginning with the first year the beginning farmer applies for such
5 exemption.

6 Sec. 4. Original sections 77-202 and 77-5201, Revised
7 Statutes Cumulative Supplement, 2006, are repealed.