

**ONE HUNDRED SECOND LEGISLATURE - SECOND SESSION - 2012**  
**COMMITTEE STATEMENT**  
**LB750**

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**Hearing Date:** Friday January 20, 2012  
**Committee On:** Revenue  
**Introducer:** Cornett  
**One Liner:** Change provisions relating to comparable sales used for tax assessment

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**

**Aye:** 8 Senators Adams, Brasch, Cornett, Fischer, Hadley, Louden, Pirsch, Schumacher

**Nay:**

**Absent:**

**Present Not Voting:**

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**Proponents:**

Sen. Abbie Cornett  
Sen. Paul Lambert  
Jarel Vinduska  
Connie Anderson  
John Knapp  
Craig Head  
Melissa Jarecke  
Larry Timm

**Representing:**

Introducer  
District 2  
Self  
Citizens of Sarpy Co.  
Sarpy Co. Farm Bureau  
NE Farm Bureau Federation  
Self  
Self

**Opponents:**

**Representing:**

**Neutral:**

Dan Pittman  
Michael Goodwillie

**Representing:**

Sarpy Co. Assessor  
Douglas Co. Assessor

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**Summary of purpose and/or changes:**

LB 750 is intended to fix a particular problem identified during the Revenue Committee's November 18, 2011, public hearing on interim study LR 350, the focus of which is an examination of issues pertaining to the process and procedures used to value and equalize real property, including examining the comparable sales guidelines set forth in Neb. Rev. Stat. sec. 77-1371.

"Most of the hearing was devoted to the issue of using the comparable sales method for determining the actual value (i.e., fair market value) of a "farm home site" (as defined in Neb. Rev. Stat. 77-1359) for purposes of so-called "greenbelt valuation" pursuant to Neb. Rev. Stat. 77-1359 to 77-1363. Testimony on that issue focused primarily on the Sarpy County assessor's determination that residential land located in a platted and zoned subdivision that included a lake was comparable land for purposes of determining the value of land beneath a farm home site. One of the taxpayers-Jarel Vinduska-who was adversely affected by that assessor's determination appealed the 2009 valuation of his farm home site to Nebraska's Tax Equalization and Review Commission (TERC) which increased the value of the taxpayer's farm home site above the value assigned to it by the Sarpy County assessor and the Sarpy County Board of Equalization

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because, in TERC's view, the best evidence of the value of the taxpayer's farm home site was presented by an appraiser hired by the Sarpy County assessor." [LR 350 (2011): Revenue Committee Report, pp. 16-17, Revenue Committee, Nebraska Legislature (Dec. 20, 2011)(footnote omitted). That report is available in the Legislative Reference Library.]

Neb. Rev. Stat. sec. 77-1359 defines "farm home site" to mean "not more than one acre of land contiguous to a farm site which includes an inhabitable residence and improvements used for residential purposes, and such improvements include utility connections, water and sewer systems, and improved access to a public road. . . ."

In light of all that, there is a sense that those two home sites could not reasonably be considered to be comparable properties for purposes of real property taxation.

Section 1 of LB 750: Would amend Neb. Rev. Stat. sec. 77-1371 to clarify that "residential land located within a platted and zoned residential subdivision is not land comparable to land that is part of a farm home site as defined in section 77-1359."

Section 2 of LB 750: Would repeal the current version of the statute (Neb. Rev. Stat. sec. 77-1371) that LB 750 proposes to amend.

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**Explanation of amendments:**

The Revenue Committee amendment (AM 2183) rewrites LB 750 to do two things.

First, AM 2183 rewrites the rule in the introduced version of LB 750 concerning comparable sales and the treatment of "farm home sites" for purposes of "greenbelt valuation" authorized by Neb. Rev. Stat. secs. 77-1359 to 77-1363. Specifically, AM 2183 amends Neb. Rev. Stat. sec. 77-1371 by adding the following sentence to address the issue concerning comparable sales and farm home sites:

"Sales of land which do not include a farm home site as defined in section 77-1359 shall not constitute a comparable sale when determining the actual value for farm home sites pursuant to sections 77-1359 to 77-1363."

Second, AM 2183 amends Neb. Rev. Stat. sec. 77-1371 by adding the following new "guideline" for consideration when using comparable sales to determine the actual value of an individual property under the sales comparison approach provided in Neb. Rev. Stat. sec. 77-112:

"(13) For agricultural and horticultural land as defined in section 77-1359, whether a premium was paid because the sale was in conjunction with a like-kind exchange of property under section 1031 of the Internal Revenue Code. The Department of Revenue shall each year conduct an analysis of sales of agricultural land and horticultural land to determine whether sales of agricultural land and horticultural land involving section 1031 like-kind exchanges reflect a market premium relative to sales of agricultural land and horticultural land not involving section 1031 like-kind exchanges."

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Abbie Cornett, Chairperson