

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 101**

Introduced by Watermeier, 1.

Read first time January 10, 2013

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 of its actual value, except that for school  
12 district taxation purposes such land shall be valued at a percentage  
13 of its actual value determined from the table in subsection (6) of  
14 this section.

15           (3) Agricultural land and horticultural land actively  
16 devoted to agricultural or horticultural purposes which has value for  
17 purposes other than agricultural or horticultural uses and which  
18 meets the qualifications for special valuation under section 77-1344  
19 shall constitute a separate and distinct class of property for  
20 purposes of property taxation, shall be subject to taxation, and  
21 shall be valued for taxation at seventy-five percent of its special  
22 value as defined in section 77-1343, except that for school district  
23 taxation purposes such land shall be valued at a percentage of its  
24 special value as defined in section 77-1343 determined from the table  
25 in subsection (6) of this section.

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

5           (5) Tangible personal property, not including motor  
6 vehicles registered for operation on the highways of this state,  
7 shall constitute a separate and distinct class of property for  
8 purposes of property taxation, shall be subject to taxation, unless  
9 expressly exempt from taxation, and shall be valued at its net book  
10 value. Tangible personal property transferred as a gift or devise or  
11 as part of a transaction which is not a purchase shall be subject to  
12 taxation based upon the date the property was acquired by the  
13 previous owner and at the previous owner's Nebraska adjusted basis.  
14 Tangible personal property acquired as replacement property for  
15 converted property shall be subject to taxation based upon the date  
16 the converted property was acquired and at the Nebraska adjusted  
17 basis of the converted property unless insurance proceeds are payable  
18 by reason of the conversion. For purposes of this subsection, (a)  
19 converted property means tangible personal property which is  
20 compulsorily or involuntarily converted as a result of its  
21 destruction in whole or in part, theft, seizure, requisition, or  
22 condemnation, or the threat or imminence thereof, and no gain or loss  
23 is recognized for federal or state income tax purposes by the holder  
24 of the property as a result of the conversion and (b) replacement  
25 property means tangible personal property acquired within two years

1 after the close of the calendar year in which tangible personal  
 2 property was converted and which is, except for date of construction  
 3 or manufacture, substantially the same as the converted property.

4 (6) The applicable percentage to be used for purposes of  
 5 subsections (2) and (3) of this section shall be determined from the  
 6 following table:

| 7 <u>Tax Year</u>        | <u>Percentage</u> |
|--------------------------|-------------------|
| 8 <u>2014</u>            | <u>73</u>         |
| 9 <u>2015</u>            | <u>71</u>         |
| 10 <u>2016</u>           | <u>69</u>         |
| 11 <u>2017</u>           | <u>67</u>         |
| 12 <u>2018 and after</u> | <u>65</u>         |

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

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

20 (2) An acceptable range is the percentage of variation  
 21 from a standard for valuation as measured by an established indicator  
 22 of central tendency of assessment. Acceptable ranges are: (a) For  
 23 agricultural land and horticultural land as defined in section  
 24 77-1359, sixty-nine to seventy-five percent of actual value, except

1 that for school district taxation purposes the acceptable range is a  
 2 percentage range of actual value determined pursuant to subsection  
 3 (6) of this section; (b) for lands receiving special valuation,  
 4 sixty-nine to seventy-five percent of special valuation as defined in  
 5 section 77-1343, except that for school district taxation purposes  
 6 the acceptable range is a percentage range of special valuation as  
 7 defined in section 77-1343 determined pursuant to subsection (6) of  
 8 this section; and (c) for all other real property, ninety-two to one  
 9 hundred percent of actual value.

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

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

17 (5) Whether or not the level of value determined by the  
 18 commission falls within an acceptable range or at the midpoint of an  
 19 acceptable range may be determined to a reasonable degree of  
 20 certainty relying upon generally accepted mass appraisal techniques.

21 (6) The applicable percentage range to be used for  
 22 purposes of subsection (2) of this section shall be determined from  
 23 the following table:

| 24 <u>Tax Year</u> | <u>Percentage Range</u> |
|--------------------|-------------------------|
| 25 <u>2014</u>     | <u>67 to 73</u>         |

|   |                       |                 |
|---|-----------------------|-----------------|
| 1 | <u>2015</u>           | <u>65 to 71</u> |
| 2 | <u>2016</u>           | <u>63 to 69</u> |
| 3 | <u>2017</u>           | <u>61 to 67</u> |
| 4 | <u>2018 and after</u> | <u>59 to 65</u> |

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

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

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

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

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

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

14 (b)(i) For agricultural and horticultural land, ~~seventy-~~  
 15 ~~two percent a percentage~~ of actual value as provided in sections  
 16 77-1359 ~~to~~ and 77-1363 determined using the table provided in  
 17 subdivision (3)(b)(ii) of this section. For agricultural and  
 18 horticultural land that receives special valuation pursuant to  
 19 section 77-1344, ~~seventy-two percent a percentage~~ of special  
 20 valuation as defined in section 77-1343 determined using the table  
 21 provided in subdivision (3)(b)(ii) of this section. ~~;~~ and

22 (ii) The applicable percentage to be used for purposes of  
 23 subdivision (3)(b)(i) of this section shall be determined from the  
 24 following table:

25 Tax Year Percentage

|   |                       |           |
|---|-----------------------|-----------|
| 1 | <u>2014</u>           | <u>70</u> |
| 2 | <u>2015</u>           | <u>68</u> |
| 3 | <u>2016</u>           | <u>66</u> |
| 4 | <u>2017</u>           | <u>64</u> |
| 5 | <u>2018 and after</u> | <u>62</u> |

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

1 77-5013.

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

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

1 request and, if approved, certify the corrected adjusted valuations  
2 resulting from such action to the State Department of Education.

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

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

20 Sec. 4. This act becomes operative on January 1, 2014.

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