

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 178

Introduced by Watermeier, 1; Brasch, 16.

Read first time January 12, 2015

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-201, 77-5023, and 79-1016, Reissue Revised Statutes of Nebraska;
- 3 to change valuation of agricultural land and horticultural land; to
- 4 harmonize school aid provisions; to provide an operative date; and
- 5 to repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

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

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

6 (2) Agricultural land and horticultural land as defined in section
7 77-1359 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 seventy-five
10 percent of its actual value, except that for school district taxation
11 purposes such land shall be valued at a percentage of its actual value
12 determined from the table in subsection (6) of this section.

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

24 (4) Historically significant real property which meets the
25 qualifications for historic rehabilitation valuation under sections
26 77-1385 to 77-1394 shall be valued for taxation as provided in such
27 sections.

28 (5) Tangible personal property, not including motor vehicles
29 registered for operation on the highways of this state, shall constitute
30 a separate and distinct class of property for purposes of property
31 taxation, shall be subject to taxation, unless expressly exempt from

1 taxation, and shall be valued at its net book value. Tangible personal
 2 property transferred as a gift or devise or as part of a transaction
 3 which is not a purchase shall be subject to taxation based upon the date
 4 the property was acquired by the previous owner and at the previous
 5 owner's Nebraska adjusted basis. Tangible personal property acquired as
 6 replacement property for converted property shall be subject to taxation
 7 based upon the date the converted property was acquired and at the
 8 Nebraska adjusted basis of the converted property unless insurance
 9 proceeds are payable by reason of the conversion. For purposes of this
 10 subsection, (a) converted property means tangible personal property which
 11 is compulsorily or involuntarily converted as a result of its destruction
 12 in whole or in part, theft, seizure, requisition, or condemnation, or the
 13 threat or imminence thereof, and no gain or loss is recognized for
 14 federal or state income tax purposes by the holder of the property as a
 15 result of the conversion and (b) replacement property means tangible
 16 personal property acquired within two years after the close of the
 17 calendar year in which tangible personal property was converted and which
 18 is, except for date of construction or manufacture, substantially the
 19 same as the converted property.

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

22 <u>Tax Year</u>	<u>Percentage</u>
23 <u>2016</u>	<u>70</u>
24 <u>2017</u>	<u>65</u>
25 <u>2018</u>	<u>60</u>
26 <u>2019 and after</u>	<u>55</u>

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

29 77-5023 (1) Pursuant to section 77-5022, the commission shall have
 30 the power to increase or decrease the value of a class or subclass of
 31 real property in any county or taxing authority or of real property

1 valued by the state so that all classes or subclasses of real property in
2 all counties fall within an acceptable range.

3 (2) An acceptable range is the percentage of variation from a
4 standard for valuation as measured by an established indicator of central
5 tendency of assessment. Acceptable ranges are: (a) For agricultural land
6 and horticultural land as defined in section 77-1359, sixty-nine to
7 seventy-five percent of actual value, except that for school district
8 taxation purposes the acceptable range is a percentage range of actual
9 value determined pursuant to subsection (6) of this section; (b) for
10 lands receiving special valuation, sixty-nine to seventy-five percent of
11 special valuation as defined in section 77-1343, except that for school
12 district taxation purposes the acceptable range is a percentage range of
13 special valuation as defined in section 77-1343 determined pursuant to
14 subsection (6) of this section; and (c) for all other real property,
15 ninety-two to one hundred percent of actual value.

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

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

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

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

29 <u>Tax Year</u>	<u>Percentage Range</u>
30 <u>2016</u>	<u>64 to 70</u>
31 <u>2017</u>	<u>59 to 65</u>

1 purposes.

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

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

5 (b)(i) For agricultural and horticultural land, a percentage
6 ~~seventy-two percent~~ of actual value as provided in sections 77-1359 and
7 ~~to 77-1363 determined using the table provided in subdivision (3)(b)(ii)~~
8 of this section. For agricultural and horticultural land that receives
9 special valuation pursuant to section 77-1344, a percentage ~~seventy-two~~
10 ~~percent~~ of special valuation as defined in section 77-1343 determined
11 using the table provided in subdivision (3)(b)(ii) of this section. ; ~~and~~

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

<u>Tax Year</u>	<u>Percentage</u>
<u>2016</u>	<u>67</u>
<u>2017</u>	<u>62</u>
<u>2018</u>	<u>57</u>
<u>2019 and after</u>	<u>52</u>

20 (c) For personal property, the net book value as defined in section
21 77-120.

22 (4) On or before November 10, any local system may file with the Tax
23 Commissioner written objections to the adjusted valuations prepared by
24 the Property Tax Administrator, stating the reasons why such adjusted
25 valuations are not the valuations required by subsection (3) of this
26 section. The Tax Commissioner shall fix a time for a hearing. Either
27 party shall be permitted to introduce any evidence in reference thereto.
28 On or before January 1, the Tax Commissioner shall enter a written order
29 modifying or declining to modify, in whole or in part, the adjusted
30 valuations and shall certify the order to the State Department of
31 Education. Modification by the Tax Commissioner shall be based upon the

1 evidence introduced at hearing and shall not be limited to the
2 modification requested in the written objections or at hearing. A copy of
3 the written order shall be mailed to the local system within seven days
4 after the date of the order. The written order of the Tax Commissioner
5 may be appealed within thirty days after the date of the order to the Tax
6 Equalization and Review Commission in accordance with section 77-5013.

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

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

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

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

16 Sec. 4. This act becomes operative on January 1, 2016.

17 Sec. 5. Original sections 77-201, 77-5023, and 79-1016, Reissue
18 Revised Statutes of Nebraska, are repealed.