

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 860**

Introduced by Pahls, 31.

Read first time January 07, 2022

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 23-3616, 23-3621, and 77-1391, Reissue Revised Statutes of Nebraska,  
3 section 79-1016, Revised Statutes Cumulative Supplement, 2020, and  
4 sections 77-201 and 77-5023, Revised Statutes Supplement, 2021; to  
5 change provisions relating to sewer tax levies; to change the  
6 valuation of certain real property; to change provisions relating to  
7 historically significant real property, acceptable ranges for  
8 valuation, and state aid value; and to repeal the original sections.  
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 23-3616, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 23-3616 For the purpose of owning, operating, constructing,  
4 maintaining, and equipping a sewerage disposal system and plant or plants  
5 as authorized by the County Industrial Sewer Construction Act or  
6 improving or extending an existing system, a county may make a special  
7 levy known as the sewer tax levy not to exceed three and five-tenths  
8 cents on each one hundred dollars upon the taxable ~~actual~~ value of all  
9 the taxable property within any such county subject to section 77-3443.  
10 Any levy exceeding such amount for the purposes of such act shall be  
11 submitted for approval to the registered voters of the county at a  
12 general election or special election called for such purpose. The  
13 proceeds of such levy shall be used only for the purposes enumerated in  
14 this section and for no other purpose.

15 Sec. 2. Section 23-3621, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 23-3621 Revenue bonds authorized by section 23-3617 may be issued by  
18 resolution duly passed by the governing body of the county without any  
19 other authority. General obligation bonds authorized by section 23-3620  
20 may be issued by resolution duly adopted by the county board without any  
21 other authority, unless the proposed sewer tax levy authorized by section  
22 23-3616 exceeds three and five-tenths cents on each one hundred dollars  
23 of taxable ~~actual~~ value, in which case the bonds may be issued only after  
24 (1) the question of their issuance has been submitted to the registered  
25 voters of the county at a general or special election, (2) three weeks'  
26 notice thereof has been published in a legal newspaper published in or of  
27 general circulation in the county, and (3) more than a majority of the  
28 registered voters voting at the election have voted in favor of the  
29 issuance of the bond.

30 Sec. 3. Section 77-201, Revised Statutes Supplement, 2021, is  
31 amended to read:

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

5           (a) For tax years prior to tax year 2023, such real property shall  
6 be valued at its actual value; and

7           (b) For tax year 2023 and each tax year thereafter, such real  
8 property shall be valued at ninety percent of its actual value.

9           (2) Agricultural land and horticultural land as defined in section  
10 77-1359 shall constitute a separate and distinct class of property for  
11 purposes of property taxation, shall be subject to taxation, unless  
12 expressly exempt from taxation, and shall be valued at seventy-five  
13 percent of its actual value, except that for school district taxes levied  
14 to pay the principal and interest on bonds that are approved by a vote of  
15 the people on or after January 1, 2022, such land shall be valued at  
16 fifty percent of its actual value.

17           (3) Agricultural land and horticultural land actively devoted to  
18 agricultural or horticultural purposes which has value for purposes other  
19 than agricultural or horticultural uses and which meets the  
20 qualifications for special valuation under section 77-1344 shall  
21 constitute a separate and distinct class of property for purposes of  
22 property taxation, shall be subject to taxation, and shall be valued for  
23 taxation at seventy-five percent of its special valuation as defined in  
24 section 77-1343, except that for school district taxes levied to pay the  
25 principal and interest on bonds that are approved by a vote of the people  
26 on or after January 1, 2022, such land shall be valued at fifty percent  
27 of its special valuation as defined in section 77-1343.

28           (4) Historically significant real property which meets the  
29 qualifications for historic rehabilitation valuation under sections  
30 77-1385 to 77-1394 shall be valued for taxation as provided in such  
31 sections.

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

24           Sec. 4. Section 77-1391, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26           77-1391 (1) Commencing January 1, 2006, for all real property for  
27 which a final certificate of rehabilitation has been issued, the  
28 valuation for purposes of assessment shall be no more than the base-year  
29 valuation for eight years following issuance of the final certificate of  
30 rehabilitation.

31           (2) For the four years following the expiration of the eight-year

1 period specified in subsection (1) of this section, the valuation for  
2 purposes of the assessment shall be as follows:

3 (a) For the first year, the base-year valuation plus twenty-five  
4 percent of the difference in the base-year valuation and the current year  
5 assessed actual value;

6 (b) For the second year, the base-year valuation plus fifty percent  
7 of the difference in the base-year valuation and the current year  
8 assessed actual value;

9 (c) For the third year, the base-year valuation plus seventy-five  
10 percent of the difference in the base-year valuation and the current year  
11 assessed actual value; and

12 (d) For the fourth year, the current year assessed actual value.

13 (3) For purposes of sections 77-1385 to 77-1394, base-year valuation  
14 means the assessed valuation of the historically significant real  
15 property in the assessment year the preliminary certificate of  
16 rehabilitation was issued as certified in subdivision (1)(c) of section  
17 77-1388 or as finally determined if appealed.

18 (4) If, during the eight-year period and the four-year period  
19 specified in subsections (1) and (2) of this section, the State Historic  
20 Preservation Officer determines that historically significant real  
21 property for which a final certificate of rehabilitation has been issued

22 (a) has been the subject of repair, renovation, remodeling, or  
23 improvement but not in accordance with the Standards for Rehabilitation  
24 as described in 36 C.F.R. 67.7, as such regulation existed on January 1,  
25 2005, (b) is no longer of historical significance to a qualified historic  
26 district, or (c) no longer possesses the qualifications for listing in  
27 the National Register of Historic Places, he or she shall revoke the  
28 final certificate of rehabilitation by written notice to the owner and  
29 transmit a copy of the revocation to the county assessor.

30 (5) Upon disqualification of any real property receiving base-year  
31 valuation under sections 77-1385 to 77-1394, the county assessor shall

1 change the value of such property to its assessed ~~actual~~ value in the  
2 assessment year following the revocation of the final certificate of  
3 rehabilitation.

4 Sec. 5. Section 77-5023, Revised Statutes Supplement, 2021, is  
5 amended to read:

6 77-5023 (1) Pursuant to section 77-5022, the commission shall have  
7 the power to increase or decrease the value of a class or subclass of  
8 real property in any county or taxing authority or of real property  
9 valued by the state so that all classes or subclasses of real property in  
10 all counties fall within an acceptable range.

11 (2) An acceptable range is the percentage of variation from a  
12 standard for valuation as measured by an established indicator of central  
13 tendency of assessment. Acceptable ranges are: (a) For agricultural land  
14 and horticultural land as defined in section 77-1359, sixty-nine to  
15 seventy-five percent of actual value, except that for school district  
16 taxes levied to pay the principal and interest on bonds that are approved  
17 by a vote of the people on or after January 1, 2022, the acceptable range  
18 is forty-four to fifty percent of actual value; (b) for lands receiving  
19 special valuation, sixty-nine to seventy-five percent of special  
20 valuation as defined in section 77-1343, except that for school district  
21 taxes levied to pay the principal and interest on bonds that are approved  
22 by a vote of the people on or after January 1, 2022, the acceptable range  
23 is forty-four to fifty percent of special valuation as defined in section  
24 77-1343; and (c) for all other real property, (i) ninety-two to one  
25 hundred percent of actual value for tax years prior to tax year 2023 and  
26 (ii) eighty-two to ninety percent of actual value for tax year 2023 and  
27 each tax year thereafter.

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

31 (4) Any decrease or increase to a subclass of property shall also

1 cause the level of value determined by the commission for the class from  
2 which the subclass is drawn to be within the applicable acceptable range.

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

7 Sec. 6. Section 79-1016, Revised Statutes Cumulative Supplement,  
8 2020, is amended to read:

9 79-1016 (1) On or before August 20, the county assessor shall  
10 certify to the Property Tax Administrator the total taxable value by  
11 school district in the county for the current assessment year on forms  
12 prescribed by the Tax Commissioner. The county assessor may amend the  
13 filing for changes made to the taxable valuation of the school district  
14 in the county if corrections or errors on the original certification are  
15 discovered. Amendments shall be certified to the Property Tax  
16 Administrator on or before August 31.

17 (2) On or before October 10, the Property Tax Administrator shall  
18 compute and certify to the State Department of Education the adjusted  
19 valuation for the current assessment year for each class of property in  
20 each school district and each local system. The adjusted valuation of  
21 property for each school district and each local system, for purposes of  
22 determining state aid pursuant to the Tax Equity and Educational  
23 Opportunities Support Act, shall reflect as nearly as possible state aid  
24 value as defined in subsection (3) of this section. The Property Tax  
25 Administrator shall notify each school district and each local system of  
26 its adjusted valuation for the current assessment year by class of  
27 property on or before October 10. Establishment of the adjusted valuation  
28 shall be based on the taxable value certified by the county assessor for  
29 each school district in the county adjusted by the determination of the  
30 level of value for each school district from an analysis of the  
31 comprehensive assessment ratio study or other studies developed by the

1 Property Tax Administrator, in compliance with professionally accepted  
2 mass appraisal techniques, as required by section 77-1327. The Tax  
3 Commissioner shall adopt and promulgate rules and regulations setting  
4 forth standards for the determination of level of value for state aid  
5 purposes.

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

7 (a) For real property other than agricultural and horticultural  
8 land, (i) ninety-six percent of actual value for the calculation of aid  
9 to be paid in school fiscal years prior to school fiscal year 2023-24 and  
10 (ii) eighty-six percent of actual value for the calculation of aid to be  
11 paid in school fiscal year 2023-24 and each school fiscal year  
12 thereafter;

13 (b) For agricultural and horticultural land, seventy-two percent of  
14 actual value as provided in sections 77-1359 and ~~to~~ 77-1363. For  
15 agricultural and horticultural land that receives special valuation  
16 pursuant to section 77-1344, seventy-two percent of special valuation as  
17 defined in section 77-1343; and

18 (c) For personal property, the net book value as defined in section  
19 77-120.

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



1 the written order shall be mailed to the local system within seven days  
2 after the date of the order. The written order of the Tax Commissioner  
3 may be appealed within thirty days after the date of the order to the Tax  
4 Equalization and Review Commission in accordance with section 77-5013.

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

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

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

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

14           Sec. 7. Original sections 23-3616, 23-3621, and 77-1391, Reissue  
15 Revised Statutes of Nebraska, section 79-1016, Revised Statutes  
16 Cumulative Supplement, 2020, and sections 77-201 and 77-5023, Revised  
17 Statutes Supplement, 2021, are repealed.