

**ONE HUNDRED NINTH LEGISLATURE - FIRST SESSION - 2025**  
**COMMITTEE STATEMENT**  
**LB647**

---

**Hearing Date:** Wednesday March 26, 2025  
**Committee On:** Revenue  
**Introducer:** Revenue  
**One Liner:** Change property tax provisions relating to net book value

---

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

---

**Vote Results:**

**Aye:** 7 Senators von Gillern, Bostar, Ibach, Jacobson, Kauth, Murman,  
Sorrentino

**Nay:**

**Absent:**

**Present Not Voting:** 1 Senator Dungan

---

**Testimony:**

<b>Proponents:</b> Senator R. Brad von Gillern	<b>Representing:</b> Opening Presenter
<b>Opponents:</b>	<b>Representing:</b>
<b>Neutral:</b>	<b>Representing:</b>

\* ADA Accommodation Written Testimony

---

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

LB 647 adjusts the net book value of property tax rates, effective January 1, 2026.

Section-by-Section Summary:

Section 1: Amends Neb. Rev. Stat. § 77-120 to change the tax rate from 6.69% to 6.68% for property with a class life of twenty-five years at the nineteen-year recovery period.

Section 2: Sets the operative date as January 1, 2026.

Section 3: Repealer.

---

**Explanation of amendments:**

AM 994 to LB647 is a white copy amendment adopted by the committee that strikes and replaces the original sections of LB647. No provision of LB 647 remains in the bill. AM 994 adds LB131 as amended, LB242 as amended, LB 401 as amended, LB 628 as amended, and LB 709 into LB647.

---



The following explains each bill that was amended into LB 647 through AM 994:

LB 131:

LB 131 seeks to expand the current Nebraska educational savings plan trust to be available to all eligible educational institutions, to include elementary and secondary schools, as well as postsecondary institutions. The bill removes language referring to “college” and “higher education” and instead uses “elementary, secondary, and postsecondary.” The bill removes elementary and secondary education payments from the nonqualified withdrawal list. Finally, the bill eliminates obsolete language relating to the transfer of monies from the College Savings Expense Fund to the Department of Revenue Miscellaneous Receipts Fund, as such transfer was completed in 2020. LB 131 also renames several funds with the word "College" in their title, and replaces with the word "Education". The committee amended LB 131 in AM 994 to change the operative date to January 1, 2029.

Testifiers on LB131:

Proponents:

Senator Tony Sorrentino , Opening Presenter  
Rachel Biar, State Treasurer  
Tom Venzor, Nebraska Catholic Conference  
Matt Litt, Nebraska Coalition of Nonpublic Schools  
Jay Steinacher, Union Bank  
Nicole Fox, Platte Institute

Opponents:

Tim Royers, Nebraska State Education Association  
Connie Knoche, OpenSky Policy Institute  
Daniel Russell, Stand for Schools

Neutral: None

Committee vote to attach LB131:

Yes: 6 von Gillern, Ibach, Jacobson, Kauth, Murman, Sorrentino;

No: 2 Bostar, Dungan;

Absent: 0;

Present Not Voting: 0;

LB 242:

LB 242 amends the Property Tax Growth Limitation Act and the School District Property Tax Relief Act to do the following: add categories of allowable growth; add a growth factor to the property tax request authority; add exceptions to the property tax request authority; eliminate the specified date for political subdivisions to hold a special election to increase its property tax request authority in an odd-numbered year when such political subdivisions do not have a regularly scheduled election; eliminate restrictions in place on new occupation taxes; and harmonize provisions. AM 890 was adopted by the committee and amends LB 242 to allow cities more flexibility to capture the increase in valuation growth in Tax Increment Financing (TIF) projects; eliminates new exceptions to the cap for cities and counties; streamlines definitions of valuation and real growth percentage across the Property Tax Request Act; and removes an altered definition of public safety services.

Testifiers on LB242:



Proponents:

Senator Merv Riepe , Opening Presenter  
Lynn Rex, League of Nebraska Municipalities  
Candace Meredith, Nebraska Association of County Officials  
Doug Kindig, United Cities of Sarpy County, City of LaVista  
Jack Cheloha, City of Ralston

Opponents: None

Neutral: None

Committee vote to attach LB242:

Yes: 8 von Gillern, Bostar, Dungan, Ibach, Jacobson, Kauth, Murman, Sorrentino;

No: 0;

Absent: 0;

Present Not Voting: 0;

LB 401:

LB401 makes changes to several notice requirement sections as to what needs to be communicated to taxpayers regarding action taken by a determination made by the Tax Commissioner. When sending notices regarding underpayment, deficiencies, proposed deficiency determinations, or confirming there was no overpayment, the Tax Commissioner would be required to disclose the facts, circumstances, and reasoning in writing.

LB401 would allow partnerships and small businesses corporations the discretion to elect to pay taxes, interests, and/or penalties at the entity level. The election is made on the applicable income tax return and must be made by the filing deadline. Additionally, language is added to allow the refundable tax credit for the year the election is made, regardless of when the tax is paid.

AM 284 adopted by the committee strikes original sections 1, 2, 6, and 7 of LB 401, eliminating the need for the Tax Commissioner to provide additional information in writing.

Testifiers on LB401:

Proponents:

Senator R. Brad von Gillern , Opening Presenter  
Nicholas Bjornson, Greater Omaha Chamber, Nebraska Chamber, Lincoln Chamber of Commerce, Nebraska Society of Certified Public Accountants, Nebraska Federation of Independent Businesses

Opponents: None

Neutral: None

Committee vote to attach LB401:

Yes: 8 von Gillern, Bostar, Dungan, Ibach, Jacobson, Kauth, Murman, Sorrentino;

No: 0;

Absent: 0;

Present Not Voting: 0;

LB 628:

LB628 adopts the "Recreational Trail Easement Property Tax Exemption Act" (Act). The Act provides a tax exemption



to landowners who allow a perpetual easement for recreational trails. The amount of the exemption is based on the square footage of easement. The exemption could reduce the property tax liability to zero, but does not allow the exemption to carry on into subsequent years. The bill establishes that the Department of Revenue will be responsible for carrying out the Act, and outlines eligibility, process, and criteria for exemption awards. AM 328 to LB 628 was adopted by the committee and changes the application process from being conducted by the Department of Revenue to being conducted by the counties.

Testifiers on LB628:

Proponents:

Senator Robert Dover , Opening Presenter

Jason Buss, Nebraska Trails Foundation, American Discovery Trail, Platte PEER Group

Anna Allen, City of Norfolk, Nebraska

Jason Brummels, THOR (Trails Have Our Respect)

Kent McNeill, International Mountain Bicycling Association

Cait Dumas-Hein, Bike Walk Nebraska

Opponents: None

Neutral:

Alex Duryea, Nebraska Game & Parks Commission

Committee vote to attach LB628:

Yes: 8 von Gillern, Bostar, Dungan, Ibach, Jacobson, Kauth, Murman, Sorrentino;

No: 0;

Absent: 0;

Present Not Voting: 0;

LB 709:

LB 709 adopts the Adoption Tax Credit Act, allowing a refundable income tax credit equal to ten percent (10%) of the federal adoption expenses tax credit provided in 26 U.S.C. 23 and authorizes the Department of Revenue to adopt and promulgate rules and regulations needed to carry out the Act.

Testifiers on LB709:

Proponents:

Senator Eliot Bostar , Opening Presenter

John Chapo, Self

Chris Tonniges, Lutheran Family Services

Tom Venzor, Nebraska Catholic Conference

Nate Grasz, Nebraska Family Alliance

Opponents: None

Neutral: None

Committee vote to attach LB709:

Yes: 8 von Gillern, Bostar, Dungan, Ibach, Jacobson, Kauth, Murman, Sorrentino;

No: 0;

Absent: 0;

Present Not Voting: 0;



Section by Section summary of AM 994:

Section 1. Creates a new statute providing that sections 1 to 6 of this act shall be known and cited as the Recreational Trail Easement Property Tax Exemption Act (RTEPTEA). (LB 628 as amended by AM 328)

Section 2. Creates a new statute stating legislative findings and declarations for the RTEPTEA. (LB 628)

Section 3. Creates a new statute defining terms for the RTEPTEA, including eligible holder and recreational trail easement. (LB 628 as amended by AM 328)

Section 4. Creates a new statute adopting a property tax exemption of ten cents (\$.10) per square foot of perpetual recreation trail easement. Prohibits exemption carry-over into following years in the event the exemption exceeds the property tax liability. (LB 628)

Section 5. Creates a new statute outlining the qualifications for a taxpayer to be eligible for the exemption under the RTEPTEA. Easements must be perpetual, provide public access, and be held by an eligible holder. Eligible holders must be committed to public health and wellness through recreational land use, committed to environmental conservation, and also be able to oversee and manage the easement either by themselves or through accredited entity partnerships. The taxpayer must submit an application to the county assessor who shall approve or deny the application. (LB 628 as amended by AM 328)

Section 6. Creates a new statute requiring the Department to enact rules and regulations to carry out the Act. (LB 628)

Section 7. Creates a new statute providing that sections 7 to 9 of this act shall be known and cited as the Adoption Tax Credit Act. (LB 709)

Section 8. Creates a new statute adopting a new income tax credit for anyone eligible for the federal adoption expenses tax credit; and further establishes the tax credit as refundable and equal to ten percent (10%) of the federal income tax credit. (LB 709)

Section 9. Creates a new statute authorizing the Department of Revenue to adopt and promulgate rules and regulations to carry out the Adoption Tax Credit Act. (LB 709)

Section 10. Amends section 13-518 to add a change in the use of real property and accumulated excess valuation on TIF projects to those items added in under the definition of allowable growth. (LB 242 as amended by AM 890)

Section 11. Amends section 13-3402 of the Property Tax Growth Limitation Act to harmonize provisions with changes made to the TIF portion of the Nebraska Budget Act, and more specifically clarifies where to find the State and Local Consumption Expenditures and Gross Investment (SLCE) Index. (LB 242 as amended by AM 890)

Section 12. Amends section 13-3403 to refer to the filed budget for purposes of determining preliminary property tax request authority; more specifically cites to the enumerated exceptions in section 13-3404; and clarifies the property tax request authority formula. (LB 242 as amended by AM 890)

Section 13. Amends section 13-3405 to remove the requirement that a special election to increase the property tax request authority of a political subdivision be held on the first Tuesday after the second Monday in May of odd numbered years if a political subdivision does not have regularly scheduled elections in an odd numbered year. (LB 242 as amended by AM 890)



Section 14. Amends section 13-3406 to allow a political subdivision to convert accumulated unused restricted funds authority as of June 30, 2025, as in accordance with section 13-521, into unused property tax request authority to be used for fiscal years 2025-26 and later; and the amount converted cannot exceed five percent (5%) of the total property taxes levied in calendar year 2024. (LB 242 as amended by AM 890)

Section 15. Amends section 14-109 to harmonize provisions with changes made to section 18-1208 in section 20 of this act. (LB 242 as amended by AM 890)

Section 16. Amends section 15-202 to harmonize provisions with changes made to section 18-1208 in section 20 of this act. (LB 242 as amended by AM 890)

Section 17. Amends section 15-203 to harmonize provisions with changes made to section 18-1208 in section 20 of this act. (LB 242 as amended by AM 890)

Section 18. Amends section 16-205 to harmonize provisions with changes made to section 18-1208 in section 20 of this act. (LB 242 as amended by AM 890)

Section 19. Amends section 17-525 to harmonize provisions with changes made to section 18-1208 in section 20 of this act. (LB 242 as amended by AM 890)

Section 20. Amends section 18-1208 to eliminate restrictions on new occupation taxes for municipalities; and harmonizes other provisions with such changes. (LB 242 as amended by AM 890)

Section 21. Amends section 68-1201 to harmonize provisions with other changes made in this act. (LB 131)

Section 22. Amends section 72-1239.01 to harmonize provisions with other changes made in this act. (LB 131)

Section 23. Amends section 76-214 to harmonize provisions with other changes made in this act. (LB 628 as amended by AM 328)

Section 24. Amends section 77-202 to add an exemption for property for easements under the Recreational Trail Easement Property Tax Exemption Act. (LB 628 as amended by AM 328)

Section 25. Amends section 77-3,110 to eliminate obsolete language requiring the State Treasurer to transfer \$59,500 from the College Savings Plan Expense Fund to the Department of Revenue Miscellaneous Receipts Fund. (LB 131)

Section 26. Amends section 77-1613 to add the amount of property tax credits not reimbursed by the state into a log kept by the county assessor with certain details about real property in the county. (LB 628 as amended by AM 328)

Section 27. Amends section 77-1631 to streamline definitions of valuation and real growth percentage across hard cap statutes and postcards required by the Property Tax Request Act. (LB 242 as amended by AM 890)

Section 28. Amends section 77-1701 to harmonize provisions with changes made to section 18-1208 in section 20 of this act. (LB 242 as amended by AM 890)

Section 29. Amends section 77-2715.07 to harmonize provisions with the Adoption Tax Credit Act. (LB 709)



Section 30. Amends section 77-2716 to harmonize provisions with other changes made in this act. (LB 131)

Section 31. Amends section 77-2727 to give partnerships discretion on making the election to pay taxes, interest, and/or penalties at the entity level. The election may be made on the applicable income tax return and shall be made on or before the filing deadline. Provides that for tax years beginning on January 1, 2022, the refundable credit to partners of electing partnerships shall be allowed for the tax year where the election is made, regardless of when the taxes were paid. Further amends to clarify language on income taxes and harmonize changes. (LB 401)

Section 32. Amends section 77-2734.01 to give small business corporations discretion on making the election to pay taxes, interest, and/or penalties at the entity level. The election may be made on the applicable income tax return and shall be made on or before the filing deadline. Provides that for tax years beginning on January 1, 2018, the refundable credit to shareholders of electing small business corporations shall be allowed for the tax year where the election is made, regardless of when the taxes were paid. Further amends language on income taxes and harmonize changes. (LB 401)

Section 33. Amends section 77-2776 to add that the notice of deficiency for an income tax return shall be in a written format detailing the facts, circumstances, and reasoning used to determine that the taxpayer did not report the correct amount of income tax. (LB 401)

Section 34. Amend section 77-7305 to change language regarding the determination of the property tax credit for each parcel from the prior year to the current year to harmonize with changes made to the application of the property tax credit in LB 34 passed during the 2024 Special Session; and also adds a one percent administration fee for the county treasurer to pay the costs of administration and disbursement of the funds of such credit. (LB 242 as amended by AM 890)

Section 35. Amends section 85-1801 to change legislative findings regarding the Nebraska educational savings plan trust to clarify that "education" includes elementary and secondary education as well as postsecondary education. (LB 131)

Section 36: Amends section 85-1802 to harmonize provisions with other changes made in this act. Changes the definition of eligible educational institution to mean a postsecondary institution. Changes the definition of qualified education expenses to include postsecondary tuition, fees, books, supplies, equipment, room and board, special needs, technology, and internet access. Changes the definition of qualified education expenses to include tuition for elementary and secondary schools up to ten thousand dollars (\$10,000) per beneficiary per tax year. (LB 131)

Section 37: Amends section 85-1804 to harmonize provisions with other changes made in this act. Provides that the State Treasurer has the authority to enter into agreements with any elementary or secondary school beginning January 1, 2029. (LB 131 as amended)

Section 38: Amends section 85-1805 to harmonize provisions with other changes made in this act. (LB 131)

Section 39: Amends section 85-1806 to harmonize provisions with other changes made in this act. Specifically expands application of the section regarding terms and conditions of participation agreements to include elementary and secondary schools. (LB 131)

Section 40: Amends section 85-1807 to change the names of the recipient funds to the Education Savings Plan Program Fund, the Education Savings Plan Expense Fund, and the Education Savings Plan Administrative Fund. Expands eligible payment recipients to include elementary and secondary schools. Eliminates obsolete language requiring a transfer from the Education Savings Plan Expense Fund to the Department of Revenue Miscellaneous



Receipts Fund. (LB 131)

Section 41: Amends section 85-1808 to harmonize provisions with other changes made in this act. (LB 131)

Section 42: Amends section 85-1809 to harmonize provisions with other changes made in this act. (LB 131)

Section 43: Amends section 85-1810 to harmonize provisions with other changes made in this act. (LB 131)

Section 44: Amends section 85-1811 to harmonize provisions with other changes made in this act. (LB 131)

Section 45: Amends section 85-1812 to harmonize provisions with other changes made in this act. (LB 131)

Section 46: Amends section 85-1813 to harmonize provisions with other changes made in this act. (LB 131)

Section 47: Amends section 85-1814 to harmonize provisions with other changes made in this act. Specifically harmonizes to be construed to include elementary and secondary schools as eligible users of program funds. (LB 131)

Section 48: Amends section 85-1815 to harmonize provisions with other changes made in this act. (LB 131)

Section 49: Amends section 85-1816 to harmonize provisions with other changes made in this act. (LB 131)

Section 50: Amends section 85-1817 to harmonize provisions with other changes made in this act. (LB 131)

Section 51: Amends section 85-2802 to harmonize provisions with other changes made in this act. (LB 131)

Section 52: Amends section 85-2803 to harmonize provisions with other changes made in this act. (LB 131)

Section 53: Amends section 85-2804 to harmonize provisions with other changes made in this act. (LB 131)

Section 54: Operative dates.

Section 55: Repealer.

Section 56: Repealer.

Section 57: Repealer.

Section 58: Repealer.

Section 59: Emergency Clause.

---

R. Brad von Gillern, Chairperson

