

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1151

Introduced by Dover, 19; Aguilar, 35; Armendariz, 18; Ballard, 21; Bosn, 25; Clements, 2; Dorn, 30; Erdman, 47; Hansen, 16; Hardin, 48; Holdcroft, 36; Hughes, 24; Ibach, 44; Linehan, 39; Lippincott, 34; Lowe, 37; Murman, 38; Sanders, 45; Slama, 1; von Gillern, 4; Wishart, 27.

Read first time January 11, 2024

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-3501, 77-3511, 77-3521, and 77-3529, Reissue Revised Statutes of
- 3 Nebraska, sections 77-3517 and 77-3523, Revised Statutes Cumulative
- 4 Supplement, 2022, and sections 77-3522 and 77-4212, Revised Statutes
- 5 Supplement, 2023; to define a term relating to homestead exemptions;
- 6 to harmonize provisions; and to repeal the original sections.
- 7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-3501, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 77-3501 For purposes of sections 77-3501 to 77-3529 and section 2 of
4 this act, unless the context otherwise requires, the definitions found in
5 sections 77-3501.01 to 77-3505.05 and section 2 of this act shall be
6 used.

7 Sec. 2. Occupy means to reside on a property with the intention of
8 maintaining the property as the owner's primary residence. A departure
9 from the property for reasons of health or legal duty shall not
10 disqualify the owner of the property from receiving an exemption under
11 sections 77-3501 to 77-3529, so long as the owner demonstrates an
12 intention to return to the property.

13 Sec. 3. Section 77-3511, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 77-3511 The application for homestead exemption or for transfer of
16 homestead exemption shall be signed by the owner of the property who
17 qualifies for exemption under sections 77-3501 to 77-3529 and section 2
18 of this act unless the owner is an incompetent or unable to make such
19 application, in which case it shall be signed by the guardian. If an
20 owner who in all respects qualifies for a homestead exemption under such
21 sections dies after January 1 and before the last day for filing an
22 application for a homestead exemption and before applying for a homestead
23 exemption, his or her personal representative may file the application
24 for exemption on or before the last day for filing an application for a
25 homestead exemption of that year if the surviving spouse of such owner
26 continues to occupy the homestead. Any exemption granted as a result of
27 such application signed by a personal representative shall be in effect
28 for only the year in which the owner died.

29 Sec. 4. Section 77-3517, Revised Statutes Cumulative Supplement,
30 2022, is amended to read:

31 77-3517 (1) On or before August 1 of each year, the county assessor

1 shall forward the approved applications for homestead exemptions and a
2 copy of the certification of disability status that have been examined
3 pursuant to section 77-3516 to the Tax Commissioner. The Tax Commissioner
4 shall determine if the applicant meets the income requirements and may
5 also review any other application information he or she deems necessary
6 in order to determine whether the application should be approved. The Tax
7 Commissioner shall, on or before November 1, certify his or her
8 determinations to the county assessor. If the application is approved,
9 the county assessor shall make the proper deduction on the assessment
10 rolls. If the application is denied or approved in part, the Tax
11 Commissioner shall notify the applicant of the denial or partial approval
12 by mailing written notice to the applicant at the address shown on the
13 application. The applicant may appeal the Tax Commissioner's denial or
14 partial approval pursuant to section 77-3520. Late applications
15 authorized under section 77-3512 shall be processed in a similar manner
16 after approval by the county assessor. If the Tax Commissioner approves a
17 late application after any of the real estate taxes in question become
18 delinquent, such delinquency and any interest associated with the amount
19 of the approved exemption shall be removed from the tax rolls of the
20 county within thirty days after the county assessor receives notice from
21 the Tax Commissioner of the approved exemption.

22 (2)(a) Upon his or her own action or upon a request by an applicant,
23 a spouse, or an owner-occupant, the Tax Commissioner may review any
24 information necessary to determine whether an application is in
25 compliance with sections 77-3501 to 77-3529 and section 2 of this act.
26 Any action taken by the Tax Commissioner pursuant to this subsection
27 shall be taken within three years after December 31 of the year in which
28 the exemption was claimed.

29 (b) If after completion of the review the Tax Commissioner
30 determines that an exemption should have been approved or increased, the
31 Tax Commissioner shall notify the applicant, spouse, or owner-occupant

1 and the county treasurer and assessor of his or her determination. The
2 applicant, spouse, or owner-occupant shall receive a refund of the tax,
3 if any, that was paid as a result of the exemption being denied, in whole
4 or in part. The county treasurer shall make the refund and shall amend
5 the county's claim for reimbursement from the state.

6 (c) If after completion of the review the Tax Commissioner
7 determines that an exemption should have been denied or reduced, the Tax
8 Commissioner shall notify the applicant, spouse, or owner-occupant of
9 such denial or reduction. The applicant, the spouse, and any owner-
10 occupant may appeal the Tax Commissioner's denial or reduction pursuant
11 to section 77-3520. Upon the expiration of the appeal period in section
12 77-3520, the Tax Commissioner shall notify the county assessor of the
13 denial or reduction and the county assessor shall remove or reduce the
14 exemption from the tax rolls of the county. Upon notification by the Tax
15 Commissioner to the county assessor, the amount of tax due as a result of
16 the action of the Tax Commissioner shall become a lien on the homestead
17 until paid. Upon attachment of the lien, the county treasurer shall
18 refund to the Tax Commissioner the amount of tax equal to the denied or
19 reduced exemption for deposit into the General Fund. No lien shall be
20 created if a change in ownership of the homestead or death of the
21 applicant, the spouse, and all other owner-occupants has occurred prior
22 to the Tax Commissioner's notice to the county assessor. Beginning thirty
23 days after the county assessor receives approval from the county board to
24 remove or reduce the exemption from the tax rolls of the county, interest
25 at the rate specified in section 45-104.01, as such rate may from time to
26 time be adjusted by the Legislature, shall begin to accrue on the amount
27 of tax due.

28 Sec. 5. Section 77-3521, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 77-3521 It shall be the duty of the Tax Commissioner to adopt and
31 promulgate rules and regulations for the information and guidance of the

1 county assessors and county boards of equalization, not inconsistent with
2 sections 77-3501 to 77-3529 and section 2 of this act, affecting the
3 application, hearing, assessment, or equalization of property which is
4 claimed to be entitled to the exemption granted by such sections.

5 Sec. 6. Section 77-3522, Revised Statutes Supplement, 2023, is
6 amended to read:

7 77-3522 (1) Any person who makes any false or fraudulent claim for
8 exemption or any false statement or false representation of a material
9 fact in support of such claim or any person who knowingly assists another
10 in the preparation of any such false or fraudulent claim or enters into
11 any collusion with another by the execution of a fictitious deed or other
12 instrument for the purpose of obtaining unlawful exemption under sections
13 77-3501 to 77-3529 and section 2 of this act shall be guilty of a Class
14 II misdemeanor and shall be subject to a forfeiture of any such exemption
15 for a period of two years from the date of conviction. Any person who
16 shall make an oath or affirmation to any false or fraudulent application
17 for homestead exemption knowing the same to be false or fraudulent shall
18 be guilty of a Class I misdemeanor.

19 (2) In addition to the penalty provided in subsection (1) of this
20 section, if any person (a) files a claim for exemption as provided in
21 section 77-3506, 77-3507, or 77-3508 which is excessive due to
22 misstatements by the owner filing such claim or (b) fails to notify the
23 county assessor of a change in status of a veteran qualifying for a
24 homestead exemption under subdivision (2)(a) of section 77-3506 which
25 affected all or a portion of the exemption period, including a change in
26 rating, the death of the veteran, or a transfer of property not covered
27 by section 77-3514, the claim may be disallowed in full and, if the claim
28 has been allowed, an amount equal to the amount of taxes lawfully due
29 during the applicable exemption period but not paid by reason of such
30 unlawful and improper allowance of homestead exemption shall be due and
31 shall upon entry of the amount thereof on the books of the county

1 treasurer be a lien on such property until paid and a penalty and
2 interest on such total sum as provided by statute on delinquent ad
3 valorem taxes shall be assessed. Any amount paid to satisfy a lien
4 imposed pursuant to this subsection shall be paid to the county treasurer
5 in the same manner that other property taxes are paid, and the county
6 treasurer shall remit such amount to the State Treasurer for credit to
7 the General Fund. Any penalty collected pursuant to this subsection shall
8 be retained by the county in which such penalty is assessed.

9 (3) For any veteran claiming a homestead exemption under subdivision
10 (2)(a) of section 77-3506, the county assessor may revoke such exemption
11 back to the date on which the county assessor has reason to believe that
12 the exemption was improper upon notice to the veteran of the revocation.
13 The veteran may then provide evidence in favor of receiving the exemption
14 to the county assessor, and the county assessor may revise any revocation
15 based on such evidence. Any decision of the county assessor to revoke a
16 homestead exemption under this subsection may be appealed to the county
17 board of equalization within thirty days after the decision. The county
18 board of equalization may reverse or modify the revocation if there is
19 clear and convincing evidence that the veteran qualified for the
20 exemption for a particular period of time.

21 (4) Any additional taxes or penalties imposed pursuant to this
22 section may be appealed in the same manner as appeals are made under
23 section 77-3519.

24 Sec. 7. Section 77-3523, Revised Statutes Cumulative Supplement,
25 2022, is amended to read:

26 77-3523 The county treasurer and county assessor shall, on or before
27 November 30 of each year, certify to the Tax Commissioner the total tax
28 revenue that will be lost to all taxing agencies within the county from
29 taxes levied and assessed in that year because of exemptions allowed
30 under sections 77-3501 to 77-3529 and section 2 of this act. The county
31 treasurer and county assessor may amend the certification to show any

1 change or correction in the total tax that will be lost until May 30 of
2 the next succeeding year. If a homestead exemption is approved, denied,
3 or corrected by the Tax Commissioner under subsection (2) of section
4 77-3517 after May 1 of the next year, the county treasurer and county
5 assessor shall prepare and submit amended reports to the Tax Commissioner
6 and the political subdivisions covering any affected year and shall
7 adjust the reimbursement to the county and the other political
8 subdivisions by adjusting the reimbursement due under this section in
9 later years. The Tax Commissioner shall, on or before January 1 next
10 following such certification or within thirty days of any amendment to
11 the certification, notify the Director of Administrative Services of the
12 amount so certified to be reimbursed by the state. Reimbursement of the
13 funds lost shall be made to each county according to the certification
14 and shall be distributed in six as nearly as possible equal monthly
15 payments on the last business day of each month beginning in January. The
16 Director of Administrative Services shall, on the last business day of
17 each month, issue payments by electronic funds transfer. Out of the
18 amount so received the county treasurer shall distribute to each of the
19 taxing agencies within his or her county the full amount so lost by such
20 agency, except that one percent of such amount shall be deposited in the
21 county general fund and that the amount due a Class V school district
22 shall be paid to the district and the county shall be compensated one
23 percent of such amount. Each taxing agency shall, in preparing its annual
24 or biennial budget, take into account the amount to be received under
25 this section.

26 Sec. 8. Section 77-3529, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 77-3529 If any application for exemption pursuant to sections
29 77-3501 to 77-3529 and section 2 of this act is denied and the applicant
30 would be qualified for any other exemption under such sections, then such
31 denied application shall be treated as an application for the highest

1 exemption for which qualified. Any additional documentation necessary for
2 such other exemption shall be submitted to the county assessor within a
3 reasonable time after receipt of the notice of denial.

4 Sec. 9. Section 77-4212, Revised Statutes Supplement, 2023, is
5 amended to read:

6 77-4212 (1) For tax year 2007, the amount of relief granted under
7 the Property Tax Credit Act shall be one hundred five million dollars.
8 For tax year 2008, the amount of relief granted under the act shall be
9 one hundred fifteen million dollars. It is the intent of the Legislature
10 to fund the Property Tax Credit Act for tax years after tax year 2008
11 using available revenue. For tax year 2017, the amount of relief granted
12 under the act shall be two hundred twenty-four million dollars. For tax
13 year 2020 through tax year 2022, the minimum amount of relief granted
14 under the act shall be two hundred seventy-five million dollars. For tax
15 year 2023, the minimum amount of relief granted under the act shall be
16 three hundred sixty million dollars. For tax year 2024, the minimum
17 amount of relief granted under the act shall be three hundred ninety-five
18 million dollars. For tax year 2025, the minimum amount of relief granted
19 under the act shall be four hundred thirty million dollars. For tax year
20 2026, the minimum amount of relief granted under the act shall be four
21 hundred forty-five million dollars. For tax year 2027, the minimum amount
22 of relief granted under the act shall be four hundred sixty million
23 dollars. For tax year 2028, the minimum amount of relief granted under
24 the act shall be four hundred seventy-five million dollars. For tax year
25 2029, the minimum amount of relief granted under the act shall be the
26 minimum amount from the prior tax year plus a percentage increase equal
27 to the percentage increase, if any, in the total assessed value of all
28 real property in the state from the prior year to the current year, as
29 determined by the Department of Revenue, plus an additional seventy-five
30 million dollars. For tax year 2030 and each tax year thereafter, the
31 minimum amount of relief granted under the act shall be the minimum

1 amount from the prior tax year plus a percentage increase equal to the
2 percentage increase, if any, in the total assessed value of all real
3 property in the state from the prior year to the current year, as
4 determined by the Department of Revenue. If money is transferred or
5 credited to the Property Tax Credit Cash Fund pursuant to any other state
6 law, such amount shall be added to the minimum amount required under this
7 subsection when determining the total amount of relief granted under the
8 act. The relief shall be in the form of a property tax credit which
9 appears on the property tax statement.

10 (2)(a) For tax years prior to tax year 2017, to determine the amount
11 of the property tax credit, the county treasurer shall multiply the
12 amount disbursed to the county under subdivision (4)(a) of this section
13 by the ratio of the real property valuation of the parcel to the total
14 real property valuation in the county. The amount determined shall be the
15 property tax credit for the property.

16 (b) Beginning with tax year 2017, to determine the amount of the
17 property tax credit, the county treasurer shall multiply the amount
18 disbursed to the county under subdivision (4)(b) of this section by the
19 ratio of the credit allocation valuation of the parcel to the total
20 credit allocation valuation in the county. The amount determined shall be
21 the property tax credit for the property.

22 (3) If the real property owner qualifies for a homestead exemption
23 under sections 77-3501 to 77-3529 and section 2 of this act, the owner
24 shall also be qualified for the relief provided in the act to the extent
25 of any remaining liability after calculation of the relief provided by
26 the homestead exemption. If the credit results in a property tax
27 liability on the homestead that is less than zero, the amount of the
28 credit which cannot be used by the taxpayer shall be returned to the
29 Property Tax Administrator by July 1 of the year the amount disbursed to
30 the county was disbursed. The Property Tax Administrator shall
31 immediately credit any funds returned under this subsection to the

1 Property Tax Credit Cash Fund. Upon the return of any funds under this
2 subsection, the county treasurer shall electronically file a report with
3 the Property Tax Administrator, on a form prescribed by the Tax
4 Commissioner, indicating the amount of funds distributed to each taxing
5 unit in the county in the year the funds were returned, any collection
6 fee retained by the county in such year, and the amount of unused credits
7 returned.

8 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
9 each county shall be equal to the amount available for disbursement
10 determined under subsection (1) of this section multiplied by the ratio
11 of the real property valuation in the county to the real property
12 valuation in the state. By September 15, the Property Tax Administrator
13 shall determine the amount to be disbursed under this subdivision to each
14 county and certify such amounts to the State Treasurer and to each
15 county. The disbursements to the counties shall occur in two equal
16 payments, the first on or before January 31 and the second on or before
17 April 1. After retaining one percent of the receipts for costs, the
18 county treasurer shall allocate the remaining receipts to each taxing
19 unit levying taxes on taxable property in the tax district in which the
20 real property is located in the same proportion that the levy of such
21 taxing unit bears to the total levy on taxable property of all the taxing
22 units in the tax district in which the real property is located.

23 (b) Beginning with tax year 2017, the amount disbursed to each
24 county shall be equal to the amount available for disbursement determined
25 under subsection (1) of this section multiplied by the ratio of the
26 credit allocation valuation in the county to the credit allocation
27 valuation in the state. By September 15, the Property Tax Administrator
28 shall determine the amount to be disbursed under this subdivision to each
29 county and certify such amounts to the State Treasurer and to each
30 county. The disbursements to the counties shall occur in two equal
31 payments, the first on or before January 31 and the second on or before

1 April 1. After retaining one percent of the receipts for costs, the
2 county treasurer shall allocate the remaining receipts to each taxing
3 unit based on its share of the credits granted to all taxpayers in the
4 taxing unit.

5 (5) For purposes of this section, credit allocation valuation means
6 the taxable value for all real property except agricultural land and
7 horticultural land, one hundred twenty percent of taxable value for
8 agricultural land and horticultural land that is not subject to special
9 valuation, and one hundred twenty percent of taxable value for
10 agricultural land and horticultural land that is subject to special
11 valuation.

12 (6) The State Treasurer shall transfer from the General Fund to the
13 Property Tax Credit Cash Fund one hundred five million dollars by August
14 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

15 (7) The Legislature shall have the power to transfer funds from the
16 Property Tax Credit Cash Fund to the General Fund.

17 Sec. 10. Original sections 77-3501, 77-3511, 77-3521, and 77-3529,
18 Reissue Revised Statutes of Nebraska, sections 77-3517 and 77-3523,
19 Revised Statutes Cumulative Supplement, 2022, and sections 77-3522 and
20 77-4212, Revised Statutes Supplement, 2023, are repealed.