LEGISLATIVE BILL 530

Introduced by Groene, 42.
Read first time January 22, 2019
Committee: Revenue

A BILL FOR AN ACT relating to revenue and taxation; to amend sections 77-201 and 77-5023, Reissue Revised Statutes of Nebraska, and section 79-1016, Revised Statutes Cumulative Supplement, 2018; to change the valuation of agricultural land and horticultural land; to harmonize provisions; to provide an operative date; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 77-201, Reissue Revised Statutes of Nebraska, is amended to read:

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

(2) Agricultural land and horticultural land as defined in section 77-1359 shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued at sixty-five seventy-five percent of its actual value.

(3) Agricultural land and horticultural land actively devoted to agricultural or horticultural purposes which has value for purposes other than agricultural or horticultural uses and which meets the qualifications for special valuation under section 77-1344 shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, and shall be valued for taxation at sixty-five seventy-five percent of its special valuation value as defined in section 77-1343.

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

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

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

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

(2) An acceptable range is the percentage of variation from a standard for valuation as measured by an established indicator of central tendency of assessment. Acceptable ranges are: (a) For agricultural land and horticultural land as defined in section 77-1359, fifty-nine sixty-nine to sixty-five seventy-five percent of actual value; (b) for lands receiving special valuation, fifty-nine sixty-nine to sixty-five seventy-five percent of special valuation as defined in section 77-1343; and (c) for all other real property, ninety-two to one hundred percent of actual value.

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

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

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

Sec. 3. Section 79-1016, Revised Statutes Cumulative Supplement, 2018, is amended to read:

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

(2) On or before October 10, the Property Tax Administrator shall compute and certify to the State Department of Education the adjusted valuation for the current assessment year for each class of property in each school district and each local system. The adjusted valuation of property for each school district and each local system, for purposes of determining state aid pursuant to the Tax Equity and Educational Opportunities Support Act, shall reflect as nearly as possible state aid value as defined in subsection (3) of this section. The Property Tax Administrator shall notify each school district and each local system of its adjusted valuation for the current assessment year by class of property on or before October 10. Establishment of the adjusted valuation shall be based on the taxable value certified by the county assessor for
each school district in the county adjusted by the determination of the
level of value for each school district from an analysis of the
comprehensive assessment ratio study or other studies developed by the
Property Tax Administrator, in compliance with professionally accepted
mass appraisal techniques, as required by section 77-1327. The Tax
Commissioner shall adopt and promulgate rules and regulations setting
forth standards for the determination of level of value for state aid
purposes.

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

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

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

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

(4) On or before November 10, any local system may file with the Tax
Commissioner written objections to the adjusted valuations prepared by
the Property Tax Administrator, stating the reasons why such adjusted
valuations are not the valuations required by subsection (3) of this
section. The Tax Commissioner shall fix a time for a hearing. Either
party shall be permitted to introduce any evidence in reference thereto.
On or before January 1, the Tax Commissioner shall enter a written order
modifying or declining to modify, in whole or in part, the adjusted
valuations and shall certify the order to the State Department of
Education. Modification by the Tax Commissioner shall be based upon the
evidence introduced at hearing and shall not be limited to the
modification requested in the written objections or at hearing. A copy of
the written order shall be mailed to the local system within seven days.
after the date of the order. The written order of the Tax Commissioner may be appealed within thirty days after the date of the order to the Tax Equalization and Review Commission in accordance with section 77-5013.  

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

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

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

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

Sec. 4. This act becomes operative on January 1, 2020.

Sec. 5. Original sections 77-201 and 77-5023, Reissue Revised Statutes of Nebraska, and section 79-1016, Revised Statutes Cumulative Supplement, 2018, are repealed.