

LEGISLATIVE BILL 126

Approved by the Governor April 23, 2024

Introduced by Day, 49; Aguilar, 35; Conrad, 46; Holdcroft, 36; Brewer, 43; Blood, 3; Jacobson, 42; Vargas, 7.

A BILL FOR AN ACT relating to revenue and taxation; to amend sections 77-1613.02, 77-3501, 77-3506.03, 77-3511, 77-3521, and 77-3529, Reissue Revised Statutes of Nebraska, sections 77-3517 and 77-3523, Revised Statutes Cumulative Supplement, 2022, and sections 77-3522 and 77-4212, Revised Statutes Supplement, 2023; to change provisions relating to property assessment and tax rolls; to define a term; to change provisions relating to homestead exemptions; 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 77-1613.02, Reissue Revised Statutes of Nebraska, is amended to read:

77-1613.02 The county assessor or county clerk shall correct the assessment and tax rolls after action of the county board of equalization or final order of an applicable administrative body or court. Each correction shall be made in triplicate, each set of triplicate forms being consecutively numbered, and there shall be entered upon such form all data pertaining to the assessment which is to be corrected. The correction shall show all additions and reductions, the amount of tax added or reduced, with the reason therefor, and the page or pages of the tax rolls upon which such change is to be made. The original copy shall be delivered to the county treasurer, the duplicate copy to the county clerk, and the triplicate copy shall remain in the office of the county assessor. The county assessor or county clerk shall provide upon demand a listing showing each entry and sorted by tax year. The county treasurer shall thereupon correct the tax roll to conform to the correction copy and all changes shall be made in red ink, drawing a line through the original or erroneous figures, but not erasing the same. No county assessor shall reduce or increase the valuation of any property, real or personal, without the approval of the county board of equalization or an applicable administrative body or court, as provided for in this section. Any county assessor who shall willfully reduce or increase the valuation of any property, without the approval of the county board of equalization or an applicable administrative body or court, as provided in this section, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not less than twenty dollars nor more than one hundred dollars.

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

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

Sec. 3. Occupy means to reside on a property with the intention of maintaining the property as the owner's primary residence. A departure from the property for reasons of health or legal duty shall not disqualify the owner of the property from receiving an exemption under sections 77-3501 to 77-3529 and section 3 of this act, so long as the owner demonstrates an intention to return to the property.

Sec. 4. Section 77-3506.03, Reissue Revised Statutes of Nebraska, is amended to read:

77-3506.03 (1) Except as provided in subsection (2) of this section, for ~~For~~ homesteads valued at or above the maximum value, the exempt amount for any exemption under section 77-3507 or 77-3508 shall be reduced by ten percent for each two thousand five hundred dollars of value by which the homestead exceeds the maximum value and any homestead which exceeds the maximum value by twenty thousand dollars or more is not eligible for any exemption under section 77-3507 or 77-3508.

(2)(a) For homesteads valued at or above the maximum value, the exempt amount shall not be reduced and the homestead shall remain eligible for an exemption under section 77-3507 or 77-3508 for the current year if the homestead:

(i) Received an exemption under section 77-3507 or 77-3508 in the previous year;

(ii) Was valued below the maximum value in such previous year; and

(iii) Is not ineligible for an exemption under section 77-3507 or 77-3508 for any reason other than as provided in subsection (1) of this section.

(b) If a homestead remains eligible for an exemption under subdivision (a) of this subsection for any year, the homestead shall continue to be eligible for each year thereafter unless the homestead is not eligible for such exemption for any reason other than as provided in subsection (1) of this section.

(c) The percentage of the exempt amount for a homestead for any year such homestead is valued at or above the maximum value and remains eligible for exemption under this subsection shall be equal to the percentage of the exempt

amount for the homestead in the last year the homestead received an exemption under section 77-3507 or 77-3508 and was valued below the maximum value.

(d) If the homestead's increase in value from the previous year to a value at or above the maximum value is due to improvements to the homestead, this subsection shall not apply to such homestead.

(3) This section shall not apply to any exemption under section 77-3506.

Sec. 5. Section 77-3511, Reissue Revised Statutes of Nebraska, is amended to read:

77-3511 The application for homestead exemption or for transfer of homestead exemption shall be signed by the owner of the property who qualifies for exemption under sections 77-3501 to 77-3529 and section 3 of this act unless the owner is an incompetent or unable to make such application, in which case it shall be signed by the guardian. If an owner who in all respects qualifies for a homestead exemption under such sections dies after January 1 and before the last day for filing an application for a homestead exemption and before applying for a homestead exemption, his or her personal representative may file the application for exemption on or before the last day for filing an application for a homestead exemption of that year if the surviving spouse of such owner continues to occupy the homestead. Any exemption granted as a result of such application signed by a personal representative shall be in effect for only the year in which the owner died.

Sec. 6. Section 77-3517, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-3517 (1) On or before August 1 of each year, the county assessor shall forward the approved applications for homestead exemptions and a copy of the certification of disability status that have been examined pursuant to section 77-3516 to the Tax Commissioner. The Tax Commissioner shall determine if the applicant meets the income requirements and may also review any other application information he or she deems necessary in order to determine whether the application should be approved. The Tax Commissioner shall, on or before November 1, certify his or her determinations to the county assessor. If the application is approved, the county assessor shall make the proper deduction on the assessment rolls. If the application is denied or approved in part, the Tax Commissioner shall notify the applicant of the denial or partial approval by mailing written notice to the applicant at the address shown on the application. The applicant may appeal the Tax Commissioner's denial or partial approval pursuant to section 77-3520. Late applications authorized under section 77-3512 shall be processed in a similar manner after approval by the county assessor. If the Tax Commissioner approves a late application after any of the real estate taxes in question become delinquent, such delinquency and any interest associated with the amount of the approved exemption shall be removed from the tax rolls of the county within thirty days after the county assessor receives notice from the Tax Commissioner of the approved exemption.

(2)(a) Upon his or her own action or upon a request by an applicant, a spouse, or an owner-occupant, the Tax Commissioner may review any information necessary to determine whether an application is in compliance with sections 77-3501 to 77-3529 and section 3 of this act. Any action taken by the Tax Commissioner pursuant to this subsection shall be taken within three years after December 31 of the year in which the exemption was claimed.

(b) If after completion of the review the Tax Commissioner determines that an exemption should have been approved or increased, the Tax Commissioner shall notify the applicant, spouse, or owner-occupant and the county treasurer and assessor of his or her determination. The applicant, spouse, or owner-occupant shall receive a refund of the tax, if any, that was paid as a result of the exemption being denied, in whole or in part. The county treasurer shall make the refund and shall amend the county's claim for reimbursement from the state.

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

Sec. 7. Section 77-3521, Reissue Revised Statutes of Nebraska, is amended to read:

77-3521 It shall be the duty of the Tax Commissioner to adopt and promulgate rules and regulations for the information and guidance of the county assessors and county boards of equalization, not inconsistent with sections 77-3501 to 77-3529 and section 3 of this act, affecting the application, hearing, assessment, or equalization of property which is claimed to be

entitled to the exemption granted by such sections.

Sec. 8. Section 77-3522, Revised Statutes Supplement, 2023, is amended to read:

77-3522 (1) Any person who makes any false or fraudulent claim for exemption or any false statement or false representation of a material fact in support of such claim or any person who knowingly assists another in the preparation of any such false or fraudulent claim or enters into any collusion with another by the execution of a fictitious deed or other instrument for the purpose of obtaining unlawful exemption under sections 77-3501 to 77-3529 and section 3 of this act shall be guilty of a Class II misdemeanor and shall be subject to a forfeiture of any such exemption for a period of two years from the date of conviction. Any person who shall make an oath or affirmation to any false or fraudulent application for homestead exemption knowing the same to be false or fraudulent shall be guilty of a Class I misdemeanor.

(2) In addition to the penalty provided in subsection (1) of this section, if any person (a) files a claim for exemption as provided in section 77-3506, 77-3507, or 77-3508 which is excessive due to misstatements by the owner filing such claim or (b) fails to notify the county assessor of a change in status of a veteran qualifying for a homestead exemption under subdivision (2)(a) of section 77-3506 which affected all or a portion of the exemption period, including a change in rating, the death of the veteran, or a transfer of property not covered by section 77-3514, the claim may be disallowed in full and, if the claim has been allowed, an amount equal to the amount of taxes lawfully due during the applicable exemption period but not paid by reason of such unlawful and improper allowance of homestead exemption shall be due and shall upon entry of the amount thereof on the books of the county treasurer be a lien on such property until paid and a penalty and interest on such total sum as provided by statute on delinquent ad valorem taxes shall be assessed. Any amount paid to satisfy a lien imposed pursuant to this subsection shall be paid to the county treasurer in the same manner that other property taxes are paid, and the county treasurer shall remit such amount to the State Treasurer for credit to the General Fund. Any penalty collected pursuant to this subsection shall be retained by the county in which such penalty is assessed.

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

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

Sec. 9. Section 77-3523, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-3523 The county treasurer and county assessor shall, on or before November 30 of each year, certify to the Tax Commissioner the total tax revenue that will be lost to all taxing agencies within the county from taxes levied and assessed in that year because of exemptions allowed under sections 77-3501 to 77-3529 and section 3 of this act. The county treasurer and county assessor may amend the certification to show any change or correction in the total tax that will be lost until May 30 of the next succeeding year. If a homestead exemption is approved, denied, or corrected by the Tax Commissioner under subsection (2) of section 77-3517 after May 1 of the next year, the county treasurer and county assessor shall prepare and submit amended reports to the Tax Commissioner and the political subdivisions covering any affected year and shall adjust the reimbursement to the county and the other political subdivisions by adjusting the reimbursement due under this section in later years. The Tax Commissioner shall, on or before January 1 next following such certification or within thirty days of any amendment to the certification, notify the Director of Administrative Services of the amount so certified to be reimbursed by the state. Reimbursement of the funds lost shall be made to each county according to the certification and shall be distributed in six as nearly as possible equal monthly payments on the last business day of each month beginning in January. The Director of Administrative Services shall, on the last business day of each month, issue payments by electronic funds transfer. Out of the amount so received the county treasurer shall distribute to each of the taxing agencies within his or her county the full amount so lost by such agency, except that one percent of such amount shall be deposited in the county general fund and that the amount due a Class V school district shall be paid to the district and the county shall be compensated one percent of such amount. Each taxing agency shall, in preparing its annual or biennial budget, take into account the amount to be received under this section.

Sec. 10. Section 77-3529, Reissue Revised Statutes of Nebraska, is amended to read:

77-3529 If any application for exemption pursuant to sections 77-3501 to 77-3529 and section 3 of this act is denied and the applicant would be qualified for any other exemption under such sections, then such denied application shall be treated as an application for the highest exemption for which qualified. Any additional documentation necessary for such other

exemption shall be submitted to the county assessor within a reasonable time after receipt of the notice of denial.

Sec. 11. Section 77-4212, Revised Statutes Supplement, 2023, is amended to read:

77-4212 (1) For tax year 2007, the amount of relief granted under the Property Tax Credit Act shall be one hundred five million dollars. For tax year 2008, the amount of relief granted under the act shall be one hundred fifteen million dollars. It is the intent of the Legislature to fund the Property Tax Credit Act for tax years after tax year 2008 using available revenue. For tax year 2017, the amount of relief granted under the act shall be two hundred twenty-four million dollars. For tax year 2020 through tax year 2022, the minimum amount of relief granted under the act shall be two hundred seventy-five million dollars. For tax year 2023, the minimum amount of relief granted under the act shall be three hundred sixty million dollars. For tax year 2024, the minimum amount of relief granted under the act shall be three hundred ninety-five million dollars. For tax year 2025, the minimum amount of relief granted under the act shall be four hundred thirty million dollars. For tax year 2026, the minimum amount of relief granted under the act shall be four hundred forty-five million dollars. For tax year 2027, the minimum amount of relief granted under the act shall be four hundred sixty million dollars. For tax year 2028, the minimum amount of relief granted under the act shall be four hundred seventy-five million dollars. For tax year 2029, the minimum amount of relief granted under the act shall be the minimum amount from the prior tax year plus a percentage increase equal to the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the Department of Revenue, plus an additional seventy-five million dollars. For tax year 2030 and each tax year thereafter, the minimum amount of relief granted under the act shall be the minimum amount from the prior tax year plus a percentage increase equal to the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the Department of Revenue. If money is transferred or credited to the Property Tax Credit Cash Fund pursuant to any other state law, such amount shall be added to the minimum amount required under this subsection when determining the total amount of relief granted under the act. The relief shall be in the form of a property tax credit which appears on the property tax statement.

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

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

(3) If the real property owner qualifies for a homestead exemption under sections 77-3501 to 77-3529 and section 3 of this act, the owner shall also be qualified for the relief provided in the act to the extent of any remaining liability after calculation of the relief provided by the homestead exemption. If the credit results in a property tax liability on the homestead that is less than zero, the amount of the credit which cannot be used by the taxpayer shall be returned to the Property Tax Administrator by July 1 of the year the amount disbursed to the county was disbursed. The Property Tax Administrator shall immediately credit any funds returned under this subsection to the Property Tax Credit Cash Fund. Upon the return of any funds under this subsection, the county treasurer shall electronically file a report with the Property Tax Administrator, on a form prescribed by the Tax Commissioner, indicating the amount of funds distributed to each taxing unit in the county in the year the funds were returned, any collection fee retained by the county in such year, and the amount of unused credits returned.

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

(b) Beginning with tax year 2017, the amount disbursed to each county shall be equal to the amount available for disbursement determined under subsection (1) of this section multiplied by the ratio of the credit allocation valuation in the county to the credit allocation valuation in the state. By September 15, the Property Tax Administrator shall determine the amount to be disbursed under this subdivision to each county and certify such amounts to the

State Treasurer and to each county. The disbursements to the counties shall occur in two equal payments, the first on or before January 31 and the second on or before April 1. After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit based on its share of the credits granted to all taxpayers in the taxing unit.

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

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

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

Sec. 12. This act becomes operative on January 1, 2025.

Sec. 13. Original sections 77-1613.02, 77-3501, 77-3506.03, 77-3511, 77-3521, and 77-3529, Reissue Revised Statutes of Nebraska, sections 77-3517 and 77-3523, Revised Statutes Cumulative Supplement, 2022, and sections 77-3522 and 77-4212, Revised Statutes Supplement, 2023, are repealed.