

LEGISLATURE OF NEBRASKA
NINETY-SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 109

Introduced by Coordsen, 32; Baker, 44; Bohlke, 33; Bromm, 23;
Cudaback, 36; Dierks, 40; Hudkins, 21; Jones, 43;
Kremer, 34; Matzke, 47; Schellpeper, 18; Schmitt, 41;
Stuhr, 24; Vrtiska, 1; Wehrbein, 2

Read first time January 7, 1999

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-202 and 77-27,137, Revised Statutes Supplement, 1998;
3 to exempt certain agricultural machinery and equipment
4 from property tax; to eliminate a sales tax exemption for
5 agricultural machinery and equipment; to change state-aid
6 distribution; to provide an operative date; to repeal the
7 original sections; and to outright repeal sections
8 77-2704.36 and 77-2704.37, Reissue Revised Statutes of
9 Nebraska.
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-202, Revised Statutes Supplement,
2 1998, is amended to read:

3 77-202. (1) The following property shall be exempt from
4 property taxes:

5 (a) Property of the state and its governmental
6 subdivisions;

7 (b) Property owned by and used exclusively for
8 agricultural and horticultural societies;

9 (c) Property owned by educational, religious, charitable,
10 or cemetery organizations and used exclusively for educational,
11 religious, charitable, or cemetery purposes, when such property is
12 not (i) owned or used for financial gain or profit to either the
13 owner or user, (ii) used for the sale of alcoholic liquors for more
14 than twenty hours per week, or (iii) owned or used by an
15 organization which discriminates in membership or employment based
16 on race, color, or national origin. For purposes of this
17 subdivision, educational organization shall mean an institution
18 operated exclusively for the purpose of offering regular courses
19 with systematic instruction in academic, vocational, or technical
20 subjects or a museum or historical society operated exclusively for
21 the benefit and education of the public. For purposes of this
22 subdivision, charitable organization shall mean an organization
23 operated exclusively for the purpose of the mental, social, or
24 physical benefit of the public or an indefinite number of persons;
25 and

26 (d) Household goods and personal effects not owned or
27 used for financial gain or profit to either the owner or user.

28 (2) The increased value of land by reason of shade and

1 ornamental trees planted along the highway shall not be taken into
2 account in the valuation of land.

3 (3) Tangible personal property which is not depreciable
4 tangible personal property as defined in section 77-119 shall be
5 exempt from property tax.

6 (4) Motor vehicles required to be registered for
7 operation on the highways of this state shall be exempt from
8 payment of property taxes.

9 (5) Business and agricultural inventory shall be exempt
10 from the personal property tax. For purposes of this subsection,
11 business inventory shall include personal property owned for
12 purposes of leasing or renting such property to others for
13 financial gain only if the personal property is of a type which in
14 the ordinary course of business is leased or rented thirty days or
15 less and may be returned at the option of the lessee or renter at
16 any time and the personal property is of a type which would be
17 considered household goods or personal effects if owned by an
18 individual. All other personal property owned for purposes of
19 leasing or renting such property to others for financial gain shall
20 not be considered business inventory.

21 (6) Any personal property exempt pursuant to subsection
22 (2) of section 77-4105 shall be exempt from the personal property
23 tax.

24 (7) Livestock shall be exempt from the personal property
25 tax.

26 (8) Agricultural income-producing machinery and equipment
27 shall be exempt from the personal property tax except: (a) Property
28 assessed by the Tax Commissioner as provided in sections 77-601 to

1 77-623; (b) property owned by parties deemed public service
 2 entities subject to the provisions of sections 77-801 to 77-804;
 3 and (c) any building or fixture, whether permanently attached to
 4 the land or not.

5 Sec. 2. Section 77-27,137, Revised Statutes Supplement,
 6 1998, is amended to read:

7 77-27,137. (1) The appropriation provided for in section
 8 77-27,136 for aid to counties shall be distributed to the various
 9 county treasurers of the state.

10 ~~(2) A tentative~~ The distribution shall be determined by
 11 dividing seventeen million dollars on the basis of the ratio of the
 12 total amount of property taxes levied by the particular county for
 13 county purposes to the total amount of property taxes levied by all
 14 counties for county purposes based on the amounts stated in the
 15 most recent certificate of taxes levied submitted by each county to
 16 the Property Tax Administrator pursuant to section 77-1613.01.

17 ~~(3) The tentative distribution to each county computed~~
 18 ~~under subsection (2) of this section shall be reduced by dividing~~
 19 ~~three million five hundred thousand dollars on the basis of the~~
 20 ~~ratio of the total amount of taxable value of agricultural~~
 21 ~~income-producing machinery and equipment in a particular county to~~
 22 ~~the total amount of taxable value of agricultural income-producing~~
 23 ~~machinery and equipment in all counties based on the amounts~~
 24 ~~certified by the counties to the Property Tax Administrator on the~~
 25 ~~certificate of taxes levied pursuant to section 77-1613.01.~~

26 ~~(4) (2)~~ The Tax Commissioner shall determine the amount
 27 to be distributed to the various counties and certify such amounts
 28 by voucher to the Director of Administrative Services. Each amount

1 shall be distributed in seven as nearly as possible equal monthly
2 payments on the last business day of each month beginning in
3 December. The State Treasurer shall, on the business day preceding
4 the last business day of each month, notify the Director of
5 Administrative Services of the amount of funds available in the
6 General Fund for payment purposes. The Director of Administrative
7 Services shall, on the last business day of each month, draw
8 warrants against funds appropriated. The proceeds of the
9 governmental subdivision payments received by the various county
10 treasurers shall be credited to the general fund of the county.

11 Sec. 3. This act is operative on October 1, 1999.

12 Sec. 4. Original sections 77-202 and 77-27,137, Revised
13 Statutes Supplement, 1998, are repealed.

14 Sec. 5. The following sections are outright repealed:
15 Sections 77-2704.36 and 77-2704.37, Reissue Revised Statutes of
16 Nebraska.