

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 266

Introduced by Friesen, 34.

Read first time January 11, 2017

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-5023 and 79-1016, Reissue Revised Statutes of Nebraska, and
3 section 77-201, Revised Statutes Cumulative Supplement, 2016; to
4 change the valuation of agricultural land and horticultural land as
5 prescribed; to harmonize provisions; to provide an operative date;
6 and to repeal the original sections.

7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-201, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 77-201 (1) Except as provided in subsections (2) through (4) of this
4 section, all real property in this state, not expressly exempt therefrom,
5 shall be subject to taxation and shall be valued at its actual value.

6 (2) Agricultural land and horticultural land as defined in section
7 77-1359 shall constitute a separate and distinct class of property for
8 purposes of property taxation, shall be subject to taxation, unless
9 expressly exempt from taxation, and shall be valued at seventy-five
10 percent of its actual value, except that for school district taxation
11 purposes such land shall be valued at a percentage of its actual value
12 determined from the table in subsection (6) of this section.

13 (3) Agricultural land and horticultural land actively devoted to
14 agricultural or horticultural purposes which has value for purposes other
15 than agricultural or horticultural uses and which meets the
16 qualifications for special valuation under section 77-1344 shall
17 constitute a separate and distinct class of property for purposes of
18 property taxation, shall be subject to taxation, and shall be valued for
19 taxation at seventy-five percent of its special valuation value as
20 defined in section 77-1343, except that for school district taxation
21 purposes such land shall be valued at a percentage of its special
22 valuation as defined in section 77-1343 determined from the table in
23 subsection (6) of this section.

24 (4) Historically significant real property which meets the
25 qualifications for historic rehabilitation valuation under sections
26 77-1385 to 77-1394 shall be valued for taxation as provided in such
27 sections.

28 (5) Tangible personal property, not including motor vehicles,
29 trailers, and semitrailers registered for operation on the highways of
30 this state, shall constitute a separate and distinct class of property
31 for purposes of property taxation, shall be subject to taxation, unless

1 expressly exempt from taxation, and shall be valued at its net book
 2 value. Tangible personal property transferred as a gift or devise or as
 3 part of a transaction which is not a purchase shall be subject to
 4 taxation based upon the date the property was acquired by the previous
 5 owner and at the previous owner's Nebraska adjusted basis. Tangible
 6 personal property acquired as replacement property for converted property
 7 shall be subject to taxation based upon the date the converted property
 8 was acquired and at the Nebraska adjusted basis of the converted property
 9 unless insurance proceeds are payable by reason of the conversion. For
 10 purposes of this subsection, (a) converted property means tangible
 11 personal property which is compulsorily or involuntarily converted as a
 12 result of its destruction in whole or in part, theft, seizure,
 13 requisition, or condemnation, or the threat or imminence thereof, and no
 14 gain or loss is recognized for federal or state income tax purposes by
 15 the holder of the property as a result of the conversion and (b)
 16 replacement property means tangible personal property acquired within two
 17 years after the close of the calendar year in which tangible personal
 18 property was converted and which is, except for date of construction or
 19 manufacture, substantially the same as the converted property.

20 (6) The applicable percentage to be used for purposes of subsections
 21 (2) and (3) of this section shall be determined from the following table:

22 <u>Tax Year</u>	<u>Percentage</u>
23 <u>2018</u>	<u>50</u>
24 <u>2019</u>	<u>40</u>
25 <u>2020 and after</u>	<u>30</u>

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

28 77-5023 (1) Pursuant to section 77-5022, the commission shall have
 29 the power to increase or decrease the value of a class or subclass of
 30 real property in any county or taxing authority or of real property
 31 valued by the state so that all classes or subclasses of real property in

1 all counties fall within an acceptable range.

2 (2) An acceptable range is the percentage of variation from a
3 standard for valuation as measured by an established indicator of central
4 tendency of assessment. Acceptable ranges are: (a) For agricultural land
5 and horticultural land as defined in section 77-1359, sixty-nine to
6 seventy-five percent of actual value, except that for school district
7 taxation purposes the acceptable range is a percentage range of actual
8 value determined pursuant to subsection (6) of this section; (b) for
9 lands receiving special valuation, sixty-nine to seventy-five percent of
10 special valuation as defined in section 77-1343, except that for school
11 district taxation purposes the acceptable range is a percentage range of
12 special valuation as defined in section 77-1343 determined pursuant to
13 subsection (6) of this section; and (c) for all other real property,
14 ninety-two to one hundred percent of actual value.

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

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

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

25 (6) The applicable percentage range to be used for purposes of
26 subsection (2) of this section shall be determined from the following
27 table:

28 <u>Tax Year</u>	<u>Percentage Range</u>
29 <u>2018</u>	<u>44 to 50</u>
30 <u>2019</u>	<u>34 to 40</u>
31 <u>2020 and after</u>	<u>24 to 30</u>

1 Sec. 3. Section 79-1016, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 79-1016 (1) On or before August 25, the county assessor shall
4 certify to the Property Tax Administrator the total taxable value by
5 school district in the county for the current assessment year on forms
6 prescribed by the Tax Commissioner. The county assessor may amend the
7 filing for changes made to the taxable valuation of the school district
8 in the county if corrections or errors on the original certification are
9 discovered. Amendments shall be certified to the Property Tax
10 Administrator on or before September 30.

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

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

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

3 ~~(b)(i) (b)~~ For agricultural and horticultural land, a percentage
4 ~~seventy-two percent~~ of actual value as provided in sections 77-1359 and
5 ~~to 77-1363~~ determined using the table provided in subdivision (3)(b)(ii)
6 of this section. For agricultural and horticultural land that receives
7 special valuation pursuant to section 77-1344, a percentage ~~seventy-two~~
8 ~~percent~~ of special valuation as defined in section 77-1343 determined
9 using the table provided in subdivision (3)(b)(ii) of this section; ~~and~~

10 (ii) The applicable percentage to be used for purposes of
11 subdivision (3)(b)(i) of this section shall be determined from the
12 following table:

<u>Tax Year</u>	<u>Percentage</u>
14 <u>2018</u>	<u>47</u>
15 <u>2019</u>	<u>37</u>
16 <u>2020 and after</u>	<u>27</u>

17 (c) For personal property, the net book value as defined in section
18 77-120.

19 (4) On or before November 10, any local system may file with the Tax
20 Commissioner written objections to the adjusted valuations prepared by
21 the Property Tax Administrator, stating the reasons why such adjusted
22 valuations are not the valuations required by subsection (3) of this
23 section. The Tax Commissioner shall fix a time for a hearing. Either
24 party shall be permitted to introduce any evidence in reference thereto.
25 On or before January 1, the Tax Commissioner shall enter a written order
26 modifying or declining to modify, in whole or in part, the adjusted
27 valuations and shall certify the order to the State Department of
28 Education. Modification by the Tax Commissioner shall be based upon the
29 evidence introduced at hearing and shall not be limited to the
30 modification requested in the written objections or at hearing. A copy of
31 the written order shall be mailed to the local system within seven days

1 after the date of the order. The written order of the Tax Commissioner
2 may be appealed within thirty days after the date of the order to the Tax
3 Equalization and Review Commission in accordance with section 77-5013.

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

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

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

31 (8) A school district whose state aid is to be calculated pursuant

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

13 Sec. 4. This act becomes operative on January 1, 2018.

14 Sec. 5. Original sections 77-5023 and 79-1016, Reissue Revised
15 Statutes of Nebraska, and section 77-201, Revised Statutes Cumulative
16 Supplement, 2016, are repealed.