

LEGISLATIVE BILL 361

Approved by the Governor April 26, 1989

Introduced by Landis, 46; Warner, 25; Wehrbein, 2; Schellpeper, 18; Hefner, 19; L. Johnson, 15; Coordsen, 32; Lamb, 43; Moore, 24; Elmer, 38; Hall, 7; R. Johnson, 34

AN ACT relating to revenue and taxation; to amend sections 77-112, 77-201, 77-1301.01, 77-1301.13, 77-1343, 77-1344, 77-1346, 77-1347, 77-1348, 77-1360, 77-1361, and 77-1367, Reissue Revised Statutes of Nebraska, 1943, and sections 77-508.01, 77-1359, 77-1363, 77-1364, 77-1365, 77-1504, and 77-1506.02, Revised Statutes Supplement, 1988; to state legislative findings; to provide duties for the Tax Commissioner; to change provisions relating to actual value of property for taxation; to define and redefine terms; to change provisions relating to categories of agricultural and horticultural land; to change a provision relating to the valuation of certain income streams as prescribed; to change provisions relating to the computation of capitalization rates used for the valuation of agricultural and horticultural land; to eliminate a duty of the Agricultural Land Valuation Advisory Board; to provide for adjustments to the valuation of property as prescribed; to eliminate legislative findings and intent; to eliminate a provision relating to the agricultural land valuation manual; to harmonize provisions; to provide severability; to repeal the original sections, and also sections 77-1358 and 77-1368, Revised Statutes Supplement, 1988; and to declare an emergency.

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

Section 1. (1) The Legislature finds and declares that the current system of valuing real property for purposes of taxation has caused inequities between residential, commercial, industrial, and agricultural property owners.

(2) The Legislature further finds and declares that rental earnings on real property may provide an

accurate reflection of actual value and may reflect in a timely manner changes in value.

Sec. 2. The Tax Commissioner shall research, develop, and submit to the Legislature a proposal to create and implement a system of property tax valuation based solely on rental earnings which utilizes accepted methods of assessment and valuation. The proposal shall be completed and submitted to the Clerk of the Legislature by November 30, 1989.

Sec. 3. That section 77-112, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-112. ~~(1)~~ Except as provided in subsection (2) of this section, actual ~~Actual~~ value of property for taxation shall mean the market value of property in the ordinary course of trade. Actual value may be determined using professionally accepted mass appraisal techniques, including, but not limited to:

(1) Comparison with sales of property of known or recognized value, taking into account location, zoning, and current functional use;

(2) Earning capacity of the property; and

(3) Reproduction cost less depreciation, and include the value of property for taxation that is ascertained by using the following formula where applicable: (a) Earning capacity of the property; (b) relative location; (c) desirability and functional use; (d) reproduction cost less depreciation; (e) comparison with other properties of known or recognized value; (f) market value in the ordinary course of trade; and (g) existing zoning of the property.

(2) The term actual value when applied to agricultural land and horticultural land for purposes of taxation shall mean that value determined pursuant to sections 77-1358 to 77-1368.

Sec. 4. When using comparable sales in any method of determining actual value provided in section 77-112, the following guidelines shall be considered in determining what constitutes a comparable sale:

(1) Whether the sale was financed by the seller and included any special financing considerations or the value of improvements;

(2) Whether zoning affected the sale price of the property;

(3) For sales of agricultural land or horticultural land as defined in section 77-1359, whether a premium was paid to acquire nearby property. Land within one mile of currently owned property shall be considered nearby property;

(4) Whether sales or transfers made in connection with foreclosure, bankruptcy, or condemnations, in lieu of foreclosure, or in consideration of other legal actions should be excluded from comparable sales analysis as not reflecting current market value;

(5) Whether sales between family members within the third degree of consanguinity include considerations that fail to reflect current market value;

(6) Whether sales to or from federal or state agencies or local political subdivisions reflect current market value;

(7) Whether sales of undivided interests in real property or parcels less than forty acres or sales conveying only a portion of the unit assessed reflect current market value;

(8) Whether sales or transfers of property in exchange for other real estate, stocks, bonds, or other personal property reflect current market value;

(9) Whether deeds recorded for transfers of convenience, transfers of title to cemetery lots, mineral rights, and rights of easement reflect current market value;

(10) Whether sales or transfers of property involving railroads or other public utility corporations reflect current market value;

(11) Whether sales of property substantially improved subsequent to assessment and prior to sale should be adjusted to reflect current market value or eliminated from such analysis; and

(12) For agricultural land or horticultural land as defined in section 77-1359 which is or has been receiving the special valuation pursuant to sections 77-1343 to 77-1348, whether the sale price reflects a value which the land has for purposes or uses other than as agricultural land or horticultural land and therefor does not reflect current market value of other agricultural land or horticultural land.

The Department of Revenue may issue guidelines for assessing officials for use in determining what constitutes a comparable sale. Guidelines shall take into account the factors listed in this section and other relevant factors as prescribed by the department.

Sec. 5. That section 77-201, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-201. Except as provided in sections 77-1239 and 77-1358 to 77-1368; all All tangible

property and real property in this state, not expressly exempt therefrom, shall be subject to taxation and shall be valued at its actual value. Such actual value shall be taken and considered as the taxable value on which the levy shall be made.

Sec. 6. That section 77-508.01, Revised Statutes Supplement, 1988, be amended to read as follows:

77-508.01. ~~(1)~~ The State Board of Equalization and Assessment shall, pursuant to section 77-508, raise or lower the valuation of any class or subclass of property in a county when it is necessary to achieve intercounty equalization. ~~Except as provided in subsection (2) of this section, in~~ In determining the necessity for such intercounty equalization and for the purposes of advising the board, the Tax Commissioner shall employ the valuation ~~factors~~ techniques in section 77-112, when applicable, as well as a sales-assessment ratio study. In those counties where the number of valid or bona fide sales of real estate is not considered sufficient to furnish conclusive evidence as to the ratio of assessed values to sales values, the Tax Commissioner may conduct and use an appraisal to determine sales-assessment ratio. In addition to the authority to conduct and use an appraisal in any ratio determination, the Tax Commissioner may employ transfers of comparable real estate in surrounding counties as indicators of value in the sales-assessment ratio. When an appraisal does not reflect current values to use in such ratio computation, the Tax Commissioner shall have the necessary appraisals conducted by qualified appraisers, and such appraisals shall be used in the ratio computation. The Tax Commissioner may use any other relevant matter in considering intercounty equalization.

~~(2) To achieve intercounty equalization of agricultural land and horticultural land as defined in section 77-1359, the Tax Commissioner and the board shall use the agricultural land valuation manual developed and implemented pursuant to sections 77-1358 to 77-1368-~~

Sec. 7. That section 77-1301.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1301.01. The Tax Commissioner shall by rule adopt and promulgate rules and regulations to establish standards for the reappraisal of all lands and improvements in the various counties. The standards established shall require that all reappraisals shall be

based upon the use of appraisal manuals developed pursuant to section 77-1330 and shall be such as to assure the determination of actual value on a consistent basis in accordance with the formulas prescribed in sections 77-112 and 77-201 and the equalization of values. The Tax Commissioner shall also establish standards for reappraisal contracts which shall, among other provisions, require that all such contracts shall require the use of appraisal manuals developed pursuant to section 77-1330. No reappraisal contract shall be valid until approved in writing by the Tax Commissioner.

Sec. 8. That section 77-1301.13, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1301.13. (1) The agreement for reappraisal shall be such as to assure the determination of actual values on a consistent basis in accordance with the formulas prescribed in sections 77-112 and 77-201.

(2) The agreement shall contain at least the following provisions:

(a) Procedures under which reappraisal shall be conducted;

(b) Qualifications for all persons performing the reappraisal;

(c) Type and amount of work which may be performed by county officials and their employees;

(d) Type and amount of work which may be performed by independent contractors under the direction and control of one of the parties to the agreement;

(e) The time period in which work shall be performed by all parties;

(f) That a cadastral map and parcel numbering system pursuant to section 77-1301.04 be adopted;

(g) That payment for actual cost of any work performed under the agreement by independent contractors pursuant to the direction and control of the Tax Commissioner or state employees be made to the Tax Commissioner; and

(h) That the reappraisal be based upon the appraisal manuals developed pursuant to section 77-1330.

Sec. 9. That section 77-1343, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1343. As used in For purposes of sections 77-1343 to 77-1348: 7 unless the context otherwise requires:

(1) Agricultural or horticultural use shall mean the use of land as defined in section 77-1359; and

(2) Zoned for agricultural or horticultural

use shall mean designation of any land predominantly for agricultural or horticultural use by any political subdivision pursuant to Chapter 14, article 4, Chapter 15, article 9, Chapter 16, article 9, Chapter 17, article 10, Chapter 18, article 13, or Chapter 23, article 1. The primary objective of the agricultural or horticultural use zoning shall be to preserve and protect agricultural activities and the potential for the agricultural, horticultural, or open use of land. Uses to be allowed on such lands shall include primarily agricultural-related or horticultural-related uses, and nonagricultural industrial, commercial, or residential uses allowed on such lands shall be restricted so that they do not conflict with or detract from this objective.

Sec. 10. That section 77-1344, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1344. (1) Any land which has an actual value, as defined in ~~subsection (1) of~~ section 77-112, reflecting a potential use other than agricultural or horticultural use, is located outside the corporate boundaries of any sanitary and improvement district, city, or village, is used exclusively for agricultural or horticultural use, and is zoned for agricultural or horticultural use shall be valued at its actual value for agricultural or horticultural use pursuant to sections ~~77-1358~~ 77-1359 to 77-1365 and section 4 of this act and not at the actual value it would have if applied to other than agricultural or horticultural use if application for such special valuation is made pursuant to sections 77-1343 to 77-1348, except that the special valuation provisions shall not be applicable to that portion of lands zoned predominantly for agricultural or horticultural use if such lands have been subdivided for residential use. No land which has an actual value as defined in section 77-112 reflecting a potential use other than agricultural or horticultural use shall be valued as agricultural land or horticultural land unless it receives the special valuation pursuant to sections 77-1343 to 77-1348.

(2) The eligibility of land for the special valuation provisions of this section shall be determined as of January 1, but if land so qualified becomes disqualified prior to July 1 of the same year, it shall be valued at its actual value as defined by ~~subsection (1) of~~ section 77-112, without regard to this section. If the land becomes disqualified after July 1, its valuation for that year shall continue as provided in

this section.

Sec. 11. That section 77-1346, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1346. The Tax Commissioner shall, ~~by rule,~~ adopt and promulgate rules and regulations to establish standards to be used by county assessors in determining eligibility for special valuation under subsection (1) of section 77-1344. Such standards shall not be designed to exclude from the special valuation those lands which are in agricultural or horticultural use as ~~defined in section 77-1343~~ for which tax relief is intended.

Sec. 12. That section 77-1347, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1347. Upon approval of an application, the county assessor shall value the land as provided in subsection (1) of section 77-1344 and shall also enter on the valuation the notation and potential additional tax liability until the land becomes disqualified for such valuation by:

(1) Notification by the taxpayer to the assessor to remove such special valuation;

(2) Sale or transfer to an ownership making it exempt from ad valorem property taxation;

(3) A change in zoning so that the land is no longer zoned for agricultural or horticultural use, as ~~defined in subdivision (2) of section 77-1343,~~

(4) Subdivision of the land;

(5) Inclusion of the land within the corporate boundaries of any sanitary and improvement district, city, or village; or

(6) The land no longer being in agricultural or horticultural use, as ~~defined in subdivision (1) of section 77-1343.~~

Sec. 13. That section 77-1348, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1348. (1) Whenever land which has received special valuation under subsection (1) of section 77-1344 becomes disqualified for such valuation pursuant to section 77-1347, the assessor shall notify the owner and there shall be added to the tax extended against the land on the next general property tax roll, to be collected and distributed in the same manner as other taxes levied upon real estate, an amount equal to the sum of the following:

(a) The total amount by which the taxes

assessed against the land would have been increased if it had been valued without regard to subsection (1) of section 77-1344 during the last five or lesser number of years in which such agricultural or horticultural use valuation was in effect for the land; and

(b) Interest upon the amounts of additional tax from each year included in subdivision (1)(a) of this section at the rate of six percent from the dates at which such additional taxes would have been payable if no special valuation under subsection (1) of section 77-1344 had been in effect.

(2) In cases when the designation of specially valued land is removed as a result of a sale or transfer described in subdivision (2) of section 77-1347, the lien for such increased taxes and interest shall attach as of the day preceding such sale or transfer.

(3) Land receiving special assessment as agricultural use land immediately prior to August 26, 1983, which becomes disqualified on August 26, 1983, solely because of the amendment of sections 77-1343, 77-1344, and 77-1347 by Laws 1983, LB 26, shall not be subject to subsection (1) of this section at that time, but shall be subject to subsection (1) of this section if any other event occurs which would disqualify such land if it were receiving the special valuation under subsection (1) of section 77-1344.

Sec. 14. That section 77-1359, Revised Statutes Supplement, 1988, be amended to read as follows:

77-1359. As used in For purposes of sections 77-1358 77-1359 to 77-1367: 77-1368, unless the context otherwise requires-

(1) Agricultural land and horticultural land shall mean a parcel of land (a) over twenty acres in size which is used for the production of agricultural or horticultural products, (b) which is wasteland lying in or adjacent to and in common ownership or management with land used for the production of agricultural or horticultural products, or (c) of twenty acres or less in size when such land (i) is managed in conjunction with other agricultural land or horticultural land which when totaled exceeds twenty acres in size or (ii) meets the requirements of section 77-1360. Such land shall have been used for production of agricultural or horticultural products in at least two of the last three previous years as certified on or before March 1 of the assessment year using a form prescribed by the Department of Revenue. Land retained or protected for future agricultural or horticultural uses under a

conservation easement as provided in the Conservation and Preservation Easements Act shall be defined as agricultural land or horticultural land. Land enrolled in a federal or state program in which payments are received for removing such land from agricultural or horticultural production shall be defined as agricultural land or horticultural land. Land that is zoned predominantly for purposes other than agricultural or horticultural use shall not be assessed as agricultural land or horticultural land; and

(2) Agricultural or horticultural products shall include, but not be limited to: Grain , ~~grain~~ and feed crops; forages and sod crops; animal production, including breeding, feeding, or grazing of cattle, horses, swine, sheep, goats, bees, or poultry; and fruits, vegetables, flowers, seeds, grasses, trees, and other horticultural crops.

Sec. 15. That section 77-1360, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1360. A parcel of land of twenty acres or less in size that is not managed as part of an agricultural or horticultural operation exceeding twenty acres in size shall qualify for assessment as agricultural land or horticultural land only upon submission of proof by the owner that sales of agricultural or horticultural products of a gross value of more than one thousand dollars were produced from the land or from feeding products grown upon such land in two of the three previous years or upon submission of proof that such land is under the land-use requirements or restrictions required in subdivision (1) of section 77-1359. The owner shall certify on or before March 1 of each year on a form prescribed and subject to audit by the Department of Revenue that the land meets the requirements of this section.

Sec. 16. That section 77-1361, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1361. (1) Agricultural land and horticultural land used solely for agricultural or horticultural purposes shall constitute a separate and distinct class of property for purposes of property taxation. For tax year 1986, and each year thereafter, agricultural land and horticultural land shall be valued using the agricultural land valuation manual issued by the Tax Commissioner pursuant to section 77-1330 which shall be developed using the methods prescribed in sections ~~77-1358~~ 77-1359 to ~~77-1368~~ 77-1367 and section

4 of this act.

(2) No residential, commercial, industrial, or agricultural building or enclosed structure or the directly associated land or site of the building or enclosed structure shall be assessed as agricultural land or horticultural land.

(3) No area of land directly associated with an improvement or structure described in subsection (2) of this section shall apply in determining compliance with the twenty-acre requirement of sections 77-1359 and 77-1360.

Sec. 17. That section 77-1363, Revised Statutes Supplement, 1988, be amended to read as follows:

77-1363. Agricultural For assessment year 1989, agricultural land and horticultural land shall be divided into five major categories, including irrigated cropland, dryland cropland, pasture, rangeland, and wasteland. For assessment year 1990 and each year thereafter, agricultural land and horticultural land shall be divided into four major categories, including irrigated cropland, dryland cropland, grassland, and wasteland.

Intensive agricultural uses, such as nurseries, feedlots, and orchards, shall be categorized as either irrigated cropland or dryland cropland. Such categories shall be divided into subclasses based on soil classification standards developed by the United States Department of Agriculture Soil Conservation Service. Land enrolled in a federal or state program in which payments are received for removing such land from agricultural or horticultural production shall be classified according to its use in the assessment year prior to its enrollment in such program. County assessors shall utilize and implement soil surveys in the tax year after the soil survey maps become available. County assessors shall utilize and implement soil classifications as converted into land valuation groups provided by the Tax Commissioner.

Sec. 18. That section 77-1364, Revised Statutes Supplement, 1988, be amended to read as follows:

77-1364. (1) Income streams for irrigated and dryland cropland shall be computed by multiplying gross receipts by landowner share by county. Gross receipts shall be computed by multiplying the most recent five-year average price of a crop by the most recent five-year average yield of a crop and weighting the result by the most recent five-year average cropping pattern. The cropping pattern shall, as data is

available, include, but not be limited to, the following crops: Continuous cropland wheat; 7 summer fallow wheat; 7 corn for grain; 7 dry beans; 7 sorghum for grain; 7 sugar beets; 7 soybeans for beans; 7 oats; 7 and alfalfa. The source of cropping patterns, crop and yields by county, and crop prices by crop reporting district shall be as reported by the Nebraska Crop and Livestock Reporting Service or as published by other state or federal agencies and as selected and applied by the Tax Commissioner.

For purposes of this section, landowner share shall mean the proportion of the gross receipts less landowner expenses paid by the landowner. Landowner share shall be computed based on representative leasing arrangements as determined from surveys conducted or authorized by the Department of Revenue or as published by other state or federal agencies and as selected and applied by the Tax Commissioner. Landowner share shall be derived at least at each crop reporting district for each of the following: (a) Gravity irrigated cropland; (b) center pivot irrigated cropland; and (c) dryland cropland.

(2)(a) Income streams for rangeland and pastureland and, for assessment year 1990 and each year thereafter, grassland shall be computed as follows: (i) By multiplying the carrying capacity in terms of animal-unit months by representative rental value per animal-unit month; or (ii) by forage production less landowner expenses paid by the landowner. Carrying capacity and forage production, by subclass, shall be based on productivity estimates published by the United States Soil Conservation Service or other state or federal agencies and as selected and applied by the Tax Commissioner. Rental values per animal-unit month shall be based on the most recent five-year average published by the Department of Agricultural Economics of the University of Nebraska or other state or federal agencies or developed from surveys performed by or for the Department of Revenue. Landowner expenses shall be computed based on representative leasing arrangements as determined from surveys conducted or authorized by the Department of Revenue or as published by other state or federal agencies and as selected and applied by the Tax Commissioner.

(b) For counties or subclasses where animal-unit-month data is not available, the income stream shall be computed by using the average of the most recent five-year prevailing cash rental rates per acre less representative landowner expenses. The annual

prevailing cash rental rates per acre shall be based on data developed by the Department of Agricultural Economics of the University of Nebraska or as published by other state or federal agencies and as selected and applied by the Tax Commissioner.

(3) When making the computations prescribed in subsections (1) and (2) of this section, the same five-year period shall be used.

(4) Actual values for wasteland, including, but not limited to, forest land and shelterbelts, shall be computed based on five percent of the average actual value of all agricultural land and horticultural land in the crop reporting district within which such wasteland is located.

Sec. 19. That section 77-1365, Revised Statutes Supplement, 1988, be amended to read as follows:

77-1365. ~~{1}~~ Capitalization rates for used in determining the determination of actual value of agricultural land and horticultural land by use of an earnings capacity approach shall be calculated by using professionally accepted mass appraisal techniques. Information considered in such calculations shall be obtained from analysis of information from the same most recent five-year period analyzed pursuant to section 77-1364 adjusted to reflect a current determination of actual value. shall be computed using two components consisting of a debt portion and an equity portion. The relative proportion of the debt and equity components shall be based on the relationship of real estate debt to owner equity for the farm sector in Nebraska. Commencing January 1, 1986, the relative proportion of the debt and equity components shall be twenty percent and eighty percent respectively. After January 1, 1987, when the relative proportion of the debt and equity components changes five percent or more, as determined by data published annually by the United States Department of Agriculture relating to economic indicators of the farming sector or other data as available, the Department of Revenue shall adjust the relative proportion used based on the most recent data available. The Department of Revenue shall adjust the actual relative proportions so that they are divisible by five.

{2} The amount determined to be the percentage of debt shall be multiplied by a number equal to the most recent five-year average of the Federal Land Bank interest rates in the Omaha district. The product of such multiplication shall be the weighted debt

capitalization rate-

(3) The amount determined to be the percentage of owner equity shall be multiplied by a number equal to the most recent five-year average of six-month United States Treasury bill interest rates. The product of such multiplication shall be the weighted equity capitalization rate-

The sum of the weighted debt capitalization rate and the weighted equity capitalization rate shall be the capitalization rate to be used in determining the actual value of agricultural land and horticultural land-

(4) For purposes of subsections (2) and (3) of this section, the same five-year period prescribed in subsection (3) of section 77-1364 shall be used-

Sec. 20. That section 77-1367, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-1367. The Agricultural Land Valuation Advisory Board shall:

(1) Review the agricultural land valuation manual developed by the Department of Revenue;

(2) Review the data sources used by the Department of Revenue;

(3) Review the values for agricultural land and horticultural land developed by the Department of Revenue for implementation in the agricultural land valuation manual;

(4) Make written recommendations to the Tax Commissioner as to improvements or refinements in the data used in developing and updating the agricultural land valuation manual;

(5) Make a written report to the Tax Commissioner stating whether the method used to value agricultural land and horticultural land set forth in sections 77-1362 to 77-1365 and section 4 of this act was properly applied in developing and updating the agricultural land manual; and

(6) Make recommendations to the Legislature as to improvements or refinements in the method of valuing agricultural land and horticultural land, and

(7) Participate in a public hearing with the Tax Commissioner on each revised version of the agricultural land valuation manual-

Sec. 21. That section 77-1504, Revised Statutes Supplement, 1988, be amended to read as follows:

77-1504. The county board of equalization shall fairly and impartially equalize the valuation of

individual tracts, lots, or parcels of real and personal property in the county, except agricultural land and horticultural land as defined in section 77-1359, so that all real and personal property is assessed uniformly and proportionately. The county board of equalization may consider and correct the assessment of any tract, lot, or parcel of real property or the assessment of any or all items of personal property by raising, after due notice has been given to the owner or agent at his or her last-known address, or by lowering the assessment of such property. No action shall be taken by the county board of equalization pursuant to this section before April 1 nor after May 31 of each year.

For purposes of equalization of the valuation of any protested real or personal property, the county board of equalization shall make its adjustment so that the valuation of the protested property compares to the aggregate level of value of all taxable property in the county.

For agricultural land or horticultural land as defined in section 77-1359, the county board of equalization may make the following corrections:

- (1) Descriptions of ownership;
- (2) Land-use categorization;
- (3) Conversion of soil classification into land valuation groups only if such conversion is at variance with the most current conversion legend issued by the Tax Commissioner; and
- (4) Such other adjustments as are provided for in the agricultural land valuation manual developed under section 77-1362 without the approval of the Tax Commissioner.

Sec. 22. That section 77-1506.02, Revised Statutes Supplement, 1988, be amended to read as follows:

77-1506.02. Upon the completion of the equalization of individual assessments of real or personal property pursuant to sections 77-1502 and 77-1504, the county board of equalization may increase or decrease by a percentage the valuation of all of a class or subclass of property, as defined by the Tax Commissioner, except on and after assessment year 1991 agricultural land or horticultural land as defined in section 77-1359. Any adjustment made pursuant to this section shall be made to achieve the uniform and proportionate valuation of the classes or subclasses within the county. Notice shall be given by publication in a newspaper of general circulation within the county.

Such notice shall be given at least ten days before the final action of the county board of equalization is taken. Nonresident owners of real property affected by such action shall be notified by mail of any changes in the valuation if the nonresident owner has an address of record on file with the county assessor as of January 1 of each year. No action shall be taken by the county board of equalization pursuant to this section after June 15 of each year.

For assessment year 1989, the Department of Revenue shall calculate an adjustment factor for all subclasses within each land-use category of agricultural land and horticultural land. On or before May 1, 1989, the department shall provide such adjustment factors to each county board of equalization. The adjustment factors shall be calculated in order to adjust the values found in the 1989 agricultural land valuation manual to comply with the actual-value standard prescribed in section 77-112. The county board of equalization shall use such adjustment factors to determine the actual value of agricultural land and horticultural land.

For assessment years 1989 and 1990, the county board of equalization shall adjust the actual value of agricultural land and horticultural land in order to correlate and equalize agricultural land and horticultural land value with that of all other property classes.

Sec. 23. In making any percentage adjustment to the valuation of property pursuant to section 77-506, the State Board of Equalization and Assessment may make its adjustment so that the valuation of the property compares to the aggregate level of value of all taxable property in the state.

Sec. 24. If any section in this act or any part of any section shall be declared invalid or unconstitutional, such declaration shall not affect the validity or constitutionality of the remaining portions thereof.

Sec. 25. That original sections 77-112, 77-201, 77-1301.01, 77-1301.13, 77-1343, 77-1344, 77-1346, 77-1347, 77-1348, 77-1360, 77-1361, and 77-1367, Reissue Revised Statutes of Nebraska, 1943, and sections 77-508.01, 77-1359, 77-1363, 77-1364, 77-1365, 77-1504, and 77-1506.02, Revised Statutes Supplement, 1988, and also sections 77-1358 and 77-1368, Revised Statutes Supplement, 1988, are repealed.

Sec. 26. Since an emergency exists, this act shall be in full force and take effect, from and after

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its passage and approval, according to law.