

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 602

Introduced by Erdman, 47; Briese, 41; Halloran, 33; Lowe, 37.

Read first time January 18, 2017

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-112, 77-1343, 77-5023, and 79-1016, Reissue Revised Statutes of
3 Nebraska, and sections 77-201, 77-1359, and 77-1371, Revised
4 Statutes Cumulative Supplement, 2016; to state intent; to change and
5 eliminate provisions relating to valuation of agricultural land and
6 horticultural land; to harmonize provisions; to provide an operative
7 date; and to repeal the original sections.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) The Legislature declares that the encouragement and
2 support of agriculture and horticulture in Nebraska is a rational state
3 policy. The Legislature further declares that to achieve that policy, the
4 value of agricultural land and horticultural land for property tax
5 purposes shall be determined based on the capitalized net earning
6 capacity attributable to the inherent capabilities of the land at its
7 current use as agricultural land or horticultural land. The
8 constitutional basis for such a system is found in subdivisions (4) and
9 (5) of Article VIII, section 1, of the Constitution of Nebraska.

10 (2) It is the intent of the Legislature that counties which have
11 adopted a comprehensive land-use plan shall continue to have the
12 authority to modify those plans as community needs change. In those
13 counties, agricultural land and horticultural land which is reclassified
14 to any other zoning will be subject to reassessment and taxes as provided
15 by law.

16 Sec. 2. Section 77-112, Reissue Revised Statutes of Nebraska, is
17 amended to read:

18 77-112 (1) Actual value of real property other than agricultural
19 land and horticultural land for purposes of taxation means the market
20 value of real property in the ordinary course of trade. Actual value may
21 be determined using professionally accepted mass appraisal methods,
22 including, but not limited to, the (a) ~~(1)~~ sales comparison approach
23 using the guidelines in section 77-1371, (b) ~~(2)~~ income approach, and (c)
24 ~~(3)~~ cost approach. Actual value is the most probable price expressed in
25 terms of money that a property will bring if exposed for sale in the open
26 market, or in an arm's length transaction, between a willing buyer and
27 willing seller, both of whom are knowledgeable concerning all the uses to
28 which the real property is adapted and for which the real property is
29 capable of being used. In analyzing the uses and restrictions applicable
30 to real property, the analysis shall include a consideration of the full
31 description of the physical characteristics of the real property and an

1 identification of the property rights being valued.

2 (2) Actual value of agricultural land and horticultural land for
3 purposes of taxation means the capitalized net earning capacity that the
4 land produces for agricultural or horticultural uses without regard to
5 any value that the land might have for other purposes or uses.
6 Agricultural land and horticultural land shall be valued using the
7 capitalized net income approach pursuant to sections 77-1359 and 77-1363
8 and sections 6 to 9 of this act.

9 Sec. 3. Section 77-201, Revised Statutes Cumulative Supplement,
10 2016, is amended to read:

11 77-201 (1) Except as provided in subsections (2) through (4) of this
12 section, all real property in this state, not expressly exempt therefrom,
13 shall be subject to taxation and shall be valued at its actual value.

14 (2) Agricultural land and horticultural land as defined in section
15 77-1359 shall constitute a separate and distinct class of property for
16 purposes of property taxation, shall be subject to taxation, unless
17 expressly exempt from taxation, and shall be valued uniformly and
18 proportionately within this distinct classification on the basis of its
19 capitalized net earning capacity for agricultural or horticultural
20 purposes as determined under sections 77-1359 and 77-1363 and sections 6
21 to 9 of this act ~~at seventy-five percent of its actual value.~~

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

30 (4) Historically significant real property which meets the
31 qualifications for historic rehabilitation valuation under sections

1 77-1385 to 77-1394 shall be valued for taxation as provided in such
2 sections.

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

26 Sec. 4. Section 77-1343, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 77-1343 The purpose of sections 77-1343 to 77-1347.01 is to provide
29 a special valuation for qualified agricultural or horticultural land so
30 that the current assessed valuation of the land for property tax purposes
31 is the value that the land would have for agricultural or horticultural

1 purposes or uses without regard to the value the land would have for
2 other purposes or uses. For purposes of sections 77-1343 to 77-1347.01:

3 (1) Agricultural or horticultural land means that land as defined in
4 section 77-1359;

5 (2) Applicant means an owner or lessee;

6 (3) Lessee means a person leasing agricultural or horticultural land
7 from a state or governmental subdivision which is an owner that is
8 subject to taxation under section 77-202.11;

9 (4) Owner means an owner of record of agricultural or horticultural
10 land or the purchaser of agricultural or horticultural land under a
11 contract for sale; and

12 (5) Special valuation means the actual value that the land would
13 have for agricultural or horticultural purposes or uses without regard to
14 the actual value the land would have for other purposes or uses.

15 Sec. 5. Section 77-1359, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 77-1359 ~~The Legislature finds and declares that agricultural land~~
18 ~~and horticultural land shall be a separate and distinct class of real~~
19 ~~property for purposes of assessment. The assessed value of agricultural~~
20 ~~land and horticultural land shall not be uniform and proportionate with~~
21 ~~all other real property, but the assessed value shall be uniform and~~
22 ~~proportionate within the class of agricultural land and horticultural~~
23 ~~land.~~

24 For purposes of this section and section 77-1363 and sections 6 to 9
25 of this act:

26 (1) Accretion means the increase of land by the gradual deposit of
27 water-borne solid materials;

28 (2)(a) (1) Agricultural land and horticultural land means a parcel
29 of land, excluding land associated with a building or enclosed structure
30 located on the parcel, which is primarily used for agricultural or
31 horticultural purposes, whether it is located in the unincorporated area

1 of the county or within the limits of a city, including wasteland lying
2 in or adjacent to and in common ownership or management with other
3 agricultural land and horticultural land;

4 (b) Incidental use of the land for nonagricultural purposes shall
5 not disqualify the land under the agricultural or horticultural
6 classification; and

7 (c) Any portion of land described in subdivision (3)(a) or (b) of
8 this section that is actually used for nonagricultural or residential
9 purposes shall be valued according to the same standards and methods used
10 for that class and subclass of property as prescribed under section
11 77-112;

12 (3) (2) Agricultural or horticultural purposes means used for the
13 commercial production of any plant or animal product in a raw or
14 unprocessed state that is derived from the science and art of
15 agriculture, aquaculture, or horticulture. Agricultural or horticultural
16 purposes includes the following uses of land:

17 (a) Land retained or protected for future agricultural or
18 horticultural purposes under a conservation easement as provided in the
19 Conservation and Preservation Easements Act except when the parcel or a
20 portion thereof is being used for purposes other than agricultural or
21 horticultural purposes; and

22 (b) Land enrolled in a federal or state program in which payments
23 are received for removing such land from agricultural or horticultural
24 production;

25 (4) Animal unit means a one-thousand-pound mature cow of above
26 average milking ability and a calf, from birth to six months old, or
27 their equivalent;

28 (5) Animal unit month means the forage or feed necessary to carry an
29 animal unit for one month;

30 (6) Capitalized net income approach means the method used to
31 determine the taxable valuation for agricultural land and horticultural

1 land as provided for under this section, section 77-1363, and sections 6
2 to 9 of this act;

3 (7) (3) Farm home site means land contiguous to a farm site which
4 includes an inhabitable residence and improvements used for residential
5 purposes and which is located outside of urban areas or outside a platted
6 and zoned subdivision;—and

7 (8) (4) Farm site means the portion of land contiguous to land
8 actively devoted to agriculture which includes improvements that are
9 agricultural or horticultural in nature, including any uninhabitable or
10 unimproved farm home site; —

11 (9) Grassland means the state and condition of the range based on
12 what it is naturally capable of producing. Grassland includes all types
13 of grasses, permanent bromegrass, other introduced grasses, and native
14 grasses used for grazing or mowed for hay. Areas of wooded grazing land
15 shall be classified as grassland or timberland, not wasteland;

16 (10)(a) Primarily used for agricultural or horticultural purposes
17 means that the use of the land is mainly for agricultural or
18 horticultural purposes as classified by the county assessor for the
19 production season of the prior year. If physical evidence of agricultural
20 or horticultural use is not sufficient to determine its use, the county
21 assessor may request of the owner or agent of the owner such information
22 as is necessary to determine if the land is devoted primarily to
23 agricultural or horticultural use. The county assessor shall act in
24 accordance with section 77-1315.

25 (b) Primarily used for agricultural or horticultural purposes does
26 not include land which is used primarily for recreational purposes,
27 suburban residential acreages, or farm home sites and yard plots whose
28 primary function is for residential or recreational purposes even though
29 the land may produce or maintain some of the plants or animals listed in
30 this section.

31 (c) The eligibility of land to be classified as agricultural or

1 horticultural use shall be determined as of January 1, but if land so
2 qualified becomes disqualified prior to July 1 of the same year, it shall
3 be valued at its actual value as defined by subsection (1) of section
4 77-112. If the land becomes disqualified after July 1, its valuation for
5 that year shall continue to be its actual value as defined by subsection
6 (2) of section 77-112;

7 (11) Wasteland includes those land types that cannot be used
8 economically and are not suitable for agricultural use or production.
9 Some of those land types would be blowouts, riverwash, marshes, badlands,
10 large deep gullies, bluffs, rockland, gravel areas, and salt flats. To
11 qualify for wasteland the land must be lying in or adjacent to and in
12 common ownership or management with land used for the production of
13 agricultural products.

14 Sec. 6. (1) Agricultural land and horticultural land used primarily
15 for agricultural or horticultural purposes shall constitute a separate
16 and distinct class of property for purposes of property taxation.

17 (2) Agricultural land and horticultural land values shall be
18 determined on the basis of the land's use for agricultural or
19 horticultural purposes, capitalized and applied uniformly and
20 proportionately among all classes and subclasses of agricultural land and
21 horticultural land. The following types of agricultural land and
22 horticultural land shall also be valued according to its use:

23 (a) Unimproved parcels of less than five acres used to produce
24 agricultural or horticultural products, including, but not limited to,
25 grains, feed crops, fruits, and vegetables; used by the owner for the
26 grazing or feeding of livestock to be sold as part of a profit-making
27 enterprise; leased by the owner to a bone fide lessee for grazing
28 purposes; or in a cropland retirement or rotation program;

29 (b) Farm sites, except that any portion of a farm site which is used
30 for nonagricultural uses shall be valued as all other nonagricultural or
31 nonhorticultural real property; and

1 (c) Wasteland, including, but not limited to, accretion, forest
2 land, and shelterbelts, shall be valued for its agricultural or
3 horticultural use.

4 (3) The following shall not be valued as agricultural or
5 horticultural land:

6 (a) Farm home sites shall be valued the same as residential property
7 pursuant to subsection (1) of section 77-112; and

8 (b) Land used for grazing of animals kept primarily for personal
9 use, for the production of feed for such animals, or for any other
10 personal use that is not part of an income-producing agricultural
11 enterprise shall be valued the same as all other nonagricultural
12 property.

13 Sec. 7. (1) Agricultural land and horticultural land that qualifies
14 for valuation using the capitalized net income approach shall be valued
15 upon the basis of the agricultural income.

16 (2) The annual earning capacity to be capitalized may be determined
17 using the landowner share basis of income.

18 (3) Net earning or productive capacity for cropland shall be
19 computed by multiplying gross receipts by landowner share by county.

20 (4) Gross receipts shall be computed by multiplying the most recent
21 eight-year Olympic average price of a crop by the most recent eight-year
22 Olympic average yield of a crop and weighting the result by the most
23 recent eight-year Olympic average cropping pattern.

24 (5) The cropping pattern shall, as data is available, include, but
25 not be limited to, the following crops: Continuous cropland wheat; summer
26 fallow wheat; corn for grain; dry beans; sorghum for grain; sugar beets;
27 soybeans for beans; oats; and alfalfa.

28 (6) The source of cropping patterns, crop yields by county, and crop
29 prices by crop reporting district shall be as reported by the Nebraska
30 Crop and Livestock Reporting Service or as published by other state or
31 federal agencies and as selected and applied by the Property Tax

1 Administrator.

2 (7) For purposes of this section, landowner share means the
3 proportion of the gross receipts received by the landowner in the
4 immediately preceding growing season. Landowner share shall be derived at
5 thirty-five percent for gravity-irrigated cropland, forty percent for
6 pivot-irrigated cropland, and thirty-five percent for dryland cropland.

7 (8) Net earning or productive capacity for grazing or pasture
8 grassland shall be computed as follows: (a) By multiplying the carrying
9 capacity in terms of animal unit months by the typical rental value per
10 animal unit month; or (b) by forage production, less landowner expenses
11 paid by the landowner. Carrying capacity and forage production, by
12 subclass, shall be based on productivity estimates published by the
13 United States Department of Agriculture Natural Resources Conservation
14 Service or other state or federal agencies and as selected and applied by
15 the Property Tax Administrator. Rental values per animal unit month shall
16 be based on the most recent eight-year Olympic average. Landowner
17 expenses shall be computed based on the typical leasing arrangements as
18 determined from surveys conducted or authorized by the Department of
19 Revenue or as published by other state or federal agencies and as
20 selected and applied by the Property Tax Administrator.

21 For counties or subclasses where animal-unit-month data is not
22 available, the income stream shall be computed by using the average of
23 the most recent three-year prevailing cash rental rates per acre less the
24 typical landowner expenses. The annual prevailing cash rental rates per
25 acre shall be based on data developed by the Department of Agricultural
26 Economics of the University of Nebraska.

27 (9) When making the computations prescribed in this section, the
28 same eight-year Olympic average shall be used.

29 Sec. 8. (1) Agricultural land assessment values shall be based upon
30 an eight-year Olympic average of crop income derived from the reported
31 income from each county's productivity information chart. An eight-year

1 Olympic average shall be determined by a six-year average of the gross
2 income per acre derived from the previous eight years with the one-year
3 high and the one-year low discarded.

4 (2) The gross income per acre is the starting point for the
5 productivity value formula. The property assessment division of the
6 Department of Revenue shall provide data to be used for calculating the
7 gross income per acre. The gross income per acre shall be calculated for
8 the eight-year Olympic average by using official estimates published by
9 the National Agricultural Statistics Service of the United States
10 Department of Agriculture. The gross income for all agricultural land
11 shall be determined by using the most recent eight-year Olympic average
12 of yields and commodity prices. The eight-year Olympic average shall
13 determine the gross income per acre for each county.

14 (3) The productivity value formula shall multiply the gross income
15 by the landlord share percentage from subsection (4), and then divide
16 this amount by the capitalization rate from subsection (5).

17 (4) The landlord share percentage shall be set at thirty-five
18 percent for dryland cropland, forty percent for pivot irrigated cropland,
19 thirty-five percent for gravity irrigated cropland, and one hundred
20 percent for non-cropland.

21 (5) The capitalization rate shall be set at six percent.

22 (6) The Property Tax Administrator shall send each county their
23 average assessed value per acre along with the data used to make their
24 assessment.

25 (7) All cropland, horticultural land, and non-cropland shall be
26 assessed in this manner.

27 (8) For assessing agricultural land values for the year 2019, a
28 three-year average shall be used instead of the eight-year Olympic
29 average. For assessing agricultural land values for the year 2020, a
30 four-year average shall be used. For assessing agricultural land values
31 for the year 2021, a five-year average shall be used. For assessing

1 agricultural land values for the year 2022, a six-year average shall be
2 used. For assessing agricultural land values for the year 2023, a seven-
3 year average shall be used. For assessing agricultural land values for
4 the year 2024, the eight-year Olympic average shall be used and shall be
5 used for every year thereafter.

6 Sec. 9. (1) Whenever land which has received the agricultural or
7 horticultural classification under section 77-1359 and 77-1363 and
8 sections 6 to 9 of this act becomes disqualified for such valuation
9 pursuant to section 77-1359, the assessor shall notify the owner and
10 there shall be added to the tax on the land, to be collected and
11 distributed in the same manner as other taxes levied upon real property,
12 an amount equal to the sum of the following:

13 (a) If the land was disqualified for the valuation before the levy
14 date of the year of disqualification, the total amount by which the taxes
15 assessed against the land would have been increased if it had been valued
16 at its actual value during the last three or lesser number of years in
17 which valuation as agricultural land or horticultural land was in effect
18 for the land, and, if the land was disqualified on or after the levy date
19 of the year of disqualification, the total amount by which the taxes
20 assessed against the land would have increased if it had been valued at
21 its actual value during the last four or lesser number of years in which
22 valuation as agricultural land or horticultural land was in effect for
23 the land; and

24 (b) Interest upon the amounts of additional tax from each year
25 included in subdivision (1)(a) of this section at the rate of six percent
26 from the dates at which such additional taxes would have been payable if
27 valuation as agricultural land or horticultural land had not been in
28 effect through sixty days after the notice sent pursuant to this section.
29 Upon expiration of the sixty days, the additional taxes and interest
30 shall be delinquent and interest shall accrue at the rate provided in
31 section 45-104.01 until paid.

1 (2) In cases when the designation of agricultural or horticultural
2 land valuation is removed as a result of a sale or transfer, other than
3 under subsection (3) of this section, the lien for such increased taxes
4 and interest shall attach as of the day preceding such sale or transfer.

5 (3) Subsection (1) of this section does not apply if the land was
6 acquired by eminent domain or if the land was sold to a public entity
7 which would have had the authority to acquire the land by eminent domain.

8 Sec. 10. Section 77-1371, Revised Statutes Cumulative Supplement,
9 2016, is amended to read:

10 77-1371 Comparable sales are recent sales of properties that are
11 similar to the property being assessed in significant physical,
12 functional, and location characteristics and in their contribution to
13 value. When using comparable sales in determining actual value of an
14 individual property under the sales comparison approach provided in
15 section 77-112, the following guidelines shall be considered in
16 determining what constitutes a comparable sale:

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

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

20 ~~(3) For sales of agricultural land or horticultural land as defined~~
21 ~~in section 77-1359, whether a premium was paid to acquire property. A~~
22 ~~premium may be paid when proximity or tax consequences cause the buyer to~~
23 ~~pay more than actual value for agricultural land or horticultural land;~~

24 (3) ~~(4)~~ Whether sales or transfers made in connection with
25 foreclosure, bankruptcy, or condemnations, in lieu of foreclosure, or in
26 consideration of other legal actions should be excluded from comparable
27 sales analysis as not reflecting current market value;

28 (4) ~~(5)~~ Whether sales between family members within the third degree
29 of consanguinity include considerations that fail to reflect current
30 market value;

31 (5) ~~(6)~~ Whether sales to or from federal or state agencies or local

1 political subdivisions reflect current market value;

2 ~~(6)~~ (7) Whether sales of undivided interests in real property or
3 parcels less than forty acres or sales conveying only a portion of the
4 unit assessed reflect current market value;

5 ~~(7)~~ (8) Whether sales or transfers of property in exchange for other
6 real estate, stocks, bonds, or other personal property reflect current
7 market value;

8 ~~(8)~~ (9) Whether deeds recorded for transfers of convenience,
9 transfers of title to cemetery lots, mineral rights, and rights of
10 easement reflect current market value;

11 ~~(9)~~ (10) Whether sales or transfers of property involving railroads
12 or other public utility corporations reflect current market value;

13 ~~(10)~~ (11) Whether sales of property substantially improved
14 subsequent to assessment and prior to sale should be adjusted to reflect
15 current market value or eliminated from such analysis; and

16 ~~(12) For agricultural land or horticultural land as defined in~~
17 ~~section 77-1359 which is or has been receiving the special valuation~~
18 ~~pursuant to sections 77-1343 to 77-1347.01, whether the sale price~~
19 ~~reflects a value which the land has for purposes or uses other than as~~
20 ~~agricultural land or horticultural land and therefor does not reflect~~
21 ~~current market value of other agricultural land or horticultural land;~~

22 ~~(11)~~ (13) Whether sales or transfers of property are in a similar
23 market area and have similar characteristics to the property being
24 assessed. ; ~~and~~

25 ~~(14) For agricultural land and horticultural land as defined in~~
26 ~~section 77-1359 which is within a class or subclass of irrigated cropland~~
27 ~~pursuant to section 77-1363, whether the difference in well capacity or~~
28 ~~in water availability due to federal, state, or local regulatory actions~~
29 ~~or limited source affected the sale price of the property. If data on~~
30 ~~current well capacity or current water availability is not available from~~
31 ~~a federal, state, or local government entity, this subdivision shall not~~

1 ~~be used to determine what constitutes a comparable sale.~~

2 The Property Tax Administrator may issue guidelines for assessing
3 officials for use in determining what constitutes a comparable sale.
4 Guidelines shall take into account the factors listed in this section and
5 other relevant factors as prescribed by the Property Tax Administrator.

6 Sec. 11. Section 77-5023, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 77-5023 (1) Pursuant to section 77-5022, the commission shall have
9 the power to increase or decrease the value of a class or subclass of
10 real property in any county or taxing authority or of real property
11 valued by the state so that all classes or subclasses of real property in
12 all counties fall within an acceptable range.

13 (2) An acceptable range is the percentage of variation from a
14 standard for valuation as measured by an established indicator of central
15 tendency of assessment. Acceptable ranges are: (a) For agricultural land
16 and horticultural land as defined in section 77-1359, ninety-two to one
17 hundred sixty-nine to seventy-five percent of actual value as defined in
18 subsection (2) of section 77-112; (b) for lands receiving special
19 valuation, ninety-two to one hundred sixty-nine to seventy-five percent
20 of special valuation as defined in section 77-1343; and (c) for all other
21 real property, ninety-two to one hundred percent of actual value as
22 defined in subsection (1) of section 77-112.

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

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

29 (5) Whether or not the level of value determined by the commission
30 falls within an acceptable range or at the midpoint of an acceptable
31 range may be determined to a reasonable degree of certainty relying upon

1 generally accepted mass appraisal techniques.

2 Sec. 12. Section 79-1016, Reissue Revised Statutes of Nebraska, is
3 amended to read:

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

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

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

2 (a) For real property other than agricultural and horticultural
3 land, ninety-six percent of actual value as defined in subsection (1) of
4 section 77-112;

5 (b) For agricultural and horticultural land, ~~ninety-six~~ ~~seventy-two~~
6 percent of actual value as defined in subsection (2) of section 77-112 as
7 ~~provided in sections 77-1359 to 77-1363~~. For agricultural and
8 horticultural land that receives special valuation pursuant to section
9 77-1344, ~~ninety-six~~ ~~seventy-two~~ percent of special valuation as defined
10 in section 77-1343; and

11 (c) For personal property, the net book value as defined in section
12 77-120.

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

29 (5) On or before November 10, any local system or county official
30 may file with the Tax Commissioner a written request for a nonappealable
31 correction of the adjusted valuation due to clerical error as defined in

1 section 77-128 or, for agricultural and horticultural land, assessed
2 value changes by reason of land qualified or disqualified for special use
3 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
4 following January 1, the Tax Commissioner shall approve or deny the
5 request and, if approved, certify the corrected adjusted valuations
6 resulting from such action to the State Department of Education.

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

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

25 (8) A school district whose state aid is to be calculated pursuant
26 to subsection (5) of this section and whose state aid payment is
27 postponed as a result of failure to calculate state aid pursuant to such
28 subsection may apply to the state board for lump-sum payment of such
29 postponed state aid. Such application may be for any amount up to one
30 hundred percent of the postponed state aid. The state board may grant the
31 entire amount applied for or any portion of such amount. The state board

1 shall notify the Director of Administrative Services of the amount of
2 funds to be paid in a lump sum and the reduced amount of the monthly
3 payments. The Director of Administrative Services shall, at the time of
4 the next state aid payment made pursuant to section 79-1022, draw a
5 warrant for the lump-sum amount from appropriated funds and forward such
6 warrant to the district.

7 Sec. 13. This act becomes operative on January 1, 2019.

8 Sec. 14. Original sections 77-112, 77-1343, 77-5023, and 79-1016,
9 Reissue Revised Statutes of Nebraska, and sections 77-201, 77-1359, and
10 77-1371, Revised Statutes Cumulative Supplement, 2016, are repealed.