

One Hundred Fifth Legislature - First Session - 2017

Introducer's Statement of Intent

LB338

Chairperson: Senator Jim Smith

Committee: Revenue

Date of Hearing: February 08, 2017

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 338 would enact the Agricultural Valuation Fairness Act to provide a more fair and uniform assessment of agricultural and horticultural land in Nebraska. It declares that sales of agricultural and horticultural land are influenced by uses for the land other than for agriculture all across the state. Therefore, to achieve fairness, all agricultural and horticultural land will be assessed based on its capacity to produce income. The Nebraska Constitution, Article VIII, Section 1, subsections (4) and (5), authorize this method of assessment.

Procedurally, LB 338 retains local control by keeping the county assessor as the individual responsible for assigning a value to all land in the county including agricultural land. The Property Tax Administrator assists in this process by compiling ten years of productivity data and expense ratios, developing a range of incomes by land capability groups and providing capitalization rates that are appropriate for each subclass of property in each county. Counties would have a right to petition the Tax Commissioner for a different range as local conditions warrant.

In addition to the fairness in assessment that would result from this method, LB 338 also contains limitations that assure that the resulting values for all agricultural and horticultural throughout the state cannot be above the current market-based standard of 75% of value and cannot increase more than 3.5% over the prior year.

LB 338 would be operative for 2019, giving plenty of time for county assessors and the state to prepare for this much needed change.

Principal Introducer: _____

Senator Lydia Brasch