

LEGISLATURE OF NEBRASKA

ONE HUNDRED THIRD LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 813**

Introduced by Hansen, 42; Bloomfield, 17; Brasch, 16; Carlson, 38;  
Christensen, 44; Davis, 43; Dubas, 34; Johnson, 23;  
Larson, 40; Nelson, 6; Schilz, 47; Seiler, 33;  
Watermeier, 1; Wightman, 36.

Read first time January 10, 2014

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections 77-201  
2 and 77-5023, Reissue Revised Statutes of Nebraska, and  
3 section 79-1016, Revised Statutes Cumulative Supplement,  
4 2012; to change valuation of agricultural land and  
5 horticultural land; to harmonize school aid provisions;  
6 to provide an operative date; and to repeal the original  
7 sections.

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

1           Section 1. Section 77-201, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

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

7           (2) Agricultural land and horticultural land as defined  
8 in section 77-1359 shall constitute a separate and distinct class of  
9 property for purposes of property taxation, shall be subject to  
10 taxation, unless expressly exempt from taxation, and shall be valued  
11 at ~~seventy five percent~~ a percentage of its actual value as  
12 follows: -

13           (a) For tax year 2015, seventy percent of its actual  
14 value; and

15           (b) For tax year 2016 and each tax year thereafter,  
16 sixty-five percent of its actual value.

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

1           (a) For tax year 2015, seventy percent of its special  
2 valuation; and

3           (b) For tax year 2016 and each tax year thereafter,  
4 sixty-five percent of its special valuation.

5           (4) Historically significant real property which meets  
6 the qualifications for historic rehabilitation valuation under  
7 sections 77-1385 to 77-1394 shall be valued for taxation as provided  
8 in such sections.

9           (5) Tangible personal property, not including motor  
10 vehicles registered for operation on the highways of this state,  
11 shall constitute a separate and distinct class of property for  
12 purposes of property taxation, shall be subject to taxation, unless  
13 expressly exempt from taxation, and shall be valued at its net book  
14 value. Tangible personal property transferred as a gift or devise or  
15 as part of a transaction which is not a purchase shall be subject to  
16 taxation based upon the date the property was acquired by the  
17 previous owner and at the previous owner's Nebraska adjusted basis.  
18 Tangible personal property acquired as replacement property for  
19 converted property shall be subject to taxation based upon the date  
20 the converted property was acquired and at the Nebraska adjusted  
21 basis of the converted property unless insurance proceeds are payable  
22 by reason of the conversion. For purposes of this subsection, (a)  
23 converted property means tangible personal property which is  
24 compulsorily or involuntarily converted as a result of its  
25 destruction in whole or in part, theft, seizure, requisition, or

1 condemnation, or the threat or imminence thereof, and no gain or loss  
2 is recognized for federal or state income tax purposes by the holder  
3 of the property as a result of the conversion and (b) replacement  
4 property means tangible personal property acquired within two years  
5 after the close of the calendar year in which tangible personal  
6 property was converted and which is, except for date of construction  
7 or manufacture, substantially the same as the converted property.

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

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

15           (2) An acceptable range is the percentage of variation  
16 from a standard for valuation as measured by an established indicator  
17 of central tendency of assessment. Acceptable ranges are:

18           (a) For agricultural land and horticultural land as  
19 defined in section 77-1359: ~~\_, sixty-nine to seventy-five percent of~~  
20 ~~actual value;~~

21           (i) For tax year 2015, sixty-four to seventy percent of  
22 actual value; and

23           (ii) For tax year 2016 and each tax year thereafter,  
24 fifty-nine to sixty-five percent of actual value;

25           (b) ~~for~~ For lands receiving special valuation, ~~sixty-nine~~

1 ~~to seventy five percent of special valuation as defined in section~~  
2 ~~77-1343; and as defined in section 77-1343:~~

3 (i) For tax year 2015, sixty-four to seventy percent of  
4 special valuation; and

5 (ii) For tax year 2016 and each tax year thereafter,  
6 fifty-nine to sixty-five percent of special valuation; and

7 (c) ~~for~~For all other real property, ninety-two to one  
8 hundred percent of actual value.

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

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

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

20 Sec. 3. Section 79-1016, Revised Statutes Cumulative  
21 Supplement, 2012, is amended to read:

22 79-1016 (1) On or before August 25, the county assessor  
23 shall certify to the Property Tax Administrator the total taxable  
24 value by school district in the county for the current assessment  
25 year on forms prescribed by the Tax Commissioner. The county assessor

1 may amend the filing for changes made to the taxable valuation of the  
2 school district in the county if corrections or errors on the  
3 original certification are discovered. Amendments shall be certified  
4 to the Property Tax Administrator on or before September 30.

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

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

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

4 ~~(b) — (b)(i)~~ For agricultural and horticultural land,  
5 ~~seventy-two percent~~ a percentage of actual value as provided in  
6 sections 77-1359 ~~to~~ and 77-1363 as follows: -

7 (A) For tax year 2015, sixty-seven percent of actual  
8 value; and

9 (B) For tax year 2016 and each tax year thereafter,  
10 sixty-two percent of actual value.

11 (ii) For agricultural and horticultural land that  
12 receives special valuation pursuant to section 77-1344, ~~seventy-two~~  
13 ~~percent~~ a percentage of special valuation as defined in section  
14 77-1343 as follows: ; and

15 (A) For tax year 2015, sixty-seven percent of special  
16 valuation; and

17 (B) For tax year 2016 and each tax year thereafter,  
18 sixty-two percent of special valuation; and

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

21 (4) On or before November 10, any local system may file  
22 with the Tax Commissioner written objections to the adjusted  
23 valuations prepared by the Property Tax Administrator, stating the  
24 reasons why such adjusted valuations are not the valuations required  
25 by subsection (3) of this section. The Tax Commissioner shall fix a

1 time for a hearing. Either party shall be permitted to introduce any  
2 evidence in reference thereto. On or before January 1, the Tax  
3 Commissioner shall enter a written order modifying or declining to  
4 modify, in whole or in part, the adjusted valuations and shall  
5 certify the order to the State Department of Education. Modification  
6 by the Tax Commissioner shall be based upon the evidence introduced  
7 at hearing and shall not be limited to the modification requested in  
8 the written objections or at hearing. A copy of the written order  
9 shall be mailed to the local system within seven days after the date  
10 of the order. The written order of the Tax Commissioner may be  
11 appealed within thirty days after the date of the order to the Tax  
12 Equalization and Review Commission in accordance with section  
13 77-5013.

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

24 (6) On or before May 31 of the year following the  
25 certification of adjusted valuation pursuant to subsection (2) of



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

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

18 (8) A school district whose state aid is to be calculated  
19 pursuant to subsection (5) of this section and whose state aid  
20 payment is postponed as a result of failure to calculate state aid  
21 pursuant to such subsection may apply to the state board for lump-sum  
22 payment of such postponed state aid. Such application may be for any  
23 amount up to one hundred percent of the postponed state aid. The  
24 state board may grant the entire amount applied for or any portion of  
25 such amount. The state board shall notify the Director of

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

7           Sec. 4. This act becomes operative on January 1, 2015.

8           Sec. 5. Original sections 77-201 and 77-5023, Reissue  
9 Revised Statutes of Nebraska, and section 79-1016, Revised Statutes  
10 Cumulative Supplement, 2012, are repealed.