

**ONE HUNDRED FOURTH LEGISLATURE - FIRST SESSION - 2015**  
**COMMITTEE STATEMENT**  
**LB277**

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**Hearing Date:** Thursday February 12, 2015  
**Committee On:** Revenue  
**Introducer:** Harr  
**One Liner:** Change tax deed lien priority

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File

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**Vote Results:**

**Aye:** 8 Senators Brasch, Davis, Gloor, Harr, Scheer, Schumacher, Smith, Sullivan

**Nay:**

**Absent:**

**Present Not Voting:**

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**Verbal Testimony:**

**Proponents:**

Senator Burke Harr  
John Bachman

**Representing:**

Introducer  
Eastern Nebraska Development Council

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

Currently, if a property owner fails to timely pay the property taxes due on his or her property, the county sells a tax certificate to a third party for that tax amount. Subsequently there are two processes through which a holder of a tax certificate can exercise his or her rights to the property purchased at a tax sale. Under chapter 77, article 18, the holder of a tax certificate can obtain, after proper notice, a tax deed from the county treasurer; this process is known as the "tax deed method". Alternatively, under chapter 77, article 19, the holder of a tax certificate can foreclose upon the tax lien in a court proceeding and compel the sale of the property, yielding a sheriff's deed; this process is known as the "judicial foreclosure method".

In 2011, the Legislature adopted LB 423, which provided that Sanitary and Improvement District (SID) special assessments survive the judicial foreclosure method. SID special assessments are used by an SID to pay off debt incurred to construct the infrastructure of the SID. Allowing special assessments to be extinguished would be a windfall to the tax certificate holder to the detriment of the other residents and property owners in the SID. At the time, the tax deed method was overlooked because it was not being used with any frequency by tax certificate holders.

The purpose of Legislative Bill 277 is to clarify that SID special assessments also survive the tax deed method so that SID special assessments are treated the same no matter which method a tax certificate holder uses to exercise his or rights to the property purchased at a tax sale.

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Mike Gloor, Chairperson