

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 775

FINAL READING

Introduced by Gloor, 35.

Read first time January 07, 2016

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-120 and 77-201, Reissue Revised Statutes of Nebraska, and section
- 3 77-202, Revised Statutes Supplement, 2015; to redefine a term; to
- 4 change property tax provisions relating to motor vehicles; to
- 5 provide an operative date; to repeal the original sections; and to
- 6 declare an emergency.
- 7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-120, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 77-120 (1) Net book value of property for taxation shall mean that
4 portion of the Nebraska adjusted basis of the property as of the
5 assessment date for the applicable recovery period in the table set forth
6 in this subsection.

		NET BOOK VALUE AS A PERCENT OF NEBRASKA ADJUSTED BASIS					
9	Year	Recovery Period (in years)					
10		3	5	7	10	15	20
11	1	75.00	85.00	89.29	92.50	95.00	96.25
12	2	37.50	59.50	70.16	78.62	85.50	89.03
13	3	12.50	41.65	55.13	66.83	76.95	82.35
14	4	0.00	24.99	42.88	56.81	69.25	76.18
15	5		8.33	30.63	48.07	62.32	70.46
16	6		0.00	18.38	39.33	56.09	65.18
17	7			6.13	30.59	50.19	60.29
18	8			0.00	21.85	44.29	55.77
19	9				13.11	38.38	51.31
20	10				4.37	32.48	46.85
21	11				0.00	26.57	42.38
22	12					20.67	37.92
23	13					14.76	33.46
24	14					8.86	29.00
25	15					2.95	24.54
26	16					0.00	20.08
27	17						15.62
28	18						11.15
29	19						6.69
30	20						2.23

1 shall be subject to taxation and shall be valued at its actual value.

2 (2) Agricultural land and horticultural land as defined in section
3 77-1359 shall constitute a separate and distinct class of property for
4 purposes of property taxation, shall be subject to taxation, unless
5 expressly exempt from taxation, and shall be valued at seventy-five
6 percent of its actual value.

7 (3) Agricultural land and horticultural land actively devoted to
8 agricultural or horticultural purposes which has value for purposes other
9 than agricultural or horticultural uses and which meets the
10 qualifications for special valuation under section 77-1344 shall
11 constitute a separate and distinct class of property for purposes of
12 property taxation, shall be subject to taxation, and shall be valued for
13 taxation at seventy-five percent of its special value as defined in
14 section 77-1343.

15 (4) Historically significant real property which meets the
16 qualifications for historic rehabilitation valuation under sections
17 77-1385 to 77-1394 shall be valued for taxation as provided in such
18 sections.

19 (5) Tangible personal property, not including motor vehicles,
20 trailers, and semitrailers registered for operation on the highways of
21 this state, shall constitute a separate and distinct class of property
22 for purposes of property taxation, shall be subject to taxation, unless
23 expressly exempt from taxation, and shall be valued at its net book
24 value. Tangible personal property transferred as a gift or devise or as
25 part of a transaction which is not a purchase shall be subject to
26 taxation based upon the date the property was acquired by the previous
27 owner and at the previous owner's Nebraska adjusted basis. Tangible
28 personal property acquired as replacement property for converted property
29 shall be subject to taxation based upon the date the converted property
30 was acquired and at the Nebraska adjusted basis of the converted property
31 unless insurance proceeds are payable by reason of the conversion. For

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

11 Sec. 3. Section 77-202, Revised Statutes Supplement, 2015, is
12 amended to read:

13 77-202 (1) The following property shall be exempt from property
14 taxes:

15 (a) Property of the state and its governmental subdivisions to the
16 extent used or being developed for use by the state or governmental
17 subdivision for a public purpose. For purposes of this subdivision:

18 (i) Property of the state and its governmental subdivisions means
19 (A) property held in fee title by the state or a governmental subdivision
20 or (B) property beneficially owned by the state or a governmental
21 subdivision in that it is used for a public purpose and is being acquired
22 under a lease-purchase agreement, financing lease, or other instrument
23 which provides for transfer of legal title to the property to the state
24 or a governmental subdivision upon payment of all amounts due thereunder.
25 If the property to be beneficially owned by a governmental subdivision
26 has a total acquisition cost that exceeds the threshold amount or will be
27 used as the site of a public building with a total estimated construction
28 cost that exceeds the threshold amount, then such property shall qualify
29 for an exemption under this section only if the question of acquiring
30 such property or constructing such public building has been submitted at
31 a primary, general, or special election held within the governmental

1 subdivision and has been approved by the voters of the governmental
2 subdivision. For purposes of this subdivision, threshold amount means the
3 greater of fifty thousand dollars or six-tenths of one percent of the
4 total actual value of real and personal property of the governmental
5 subdivision that will beneficially own the property as of the end of the
6 governmental subdivision's prior fiscal year; and

7 (ii) Public purpose means use of the property (A) to provide public
8 services with or without cost to the recipient, including the general
9 operation of government, public education, public safety, transportation,
10 public works, civil and criminal justice, public health and welfare,
11 developments by a public housing authority, parks, culture, recreation,
12 community development, and cemetery purposes, or (B) to carry out the
13 duties and responsibilities conferred by law with or without
14 consideration. Public purpose does not include leasing of property to a
15 private party unless the lease of the property is at fair market value
16 for a public purpose. Leases of property by a public housing authority to
17 low-income individuals as a place of residence are for the authority's
18 public purpose;

19 (b) Unleased property of the state or its governmental subdivisions
20 which is not being used or developed for use for a public purpose but
21 upon which a payment in lieu of taxes is paid for public safety, rescue,
22 and emergency services and road or street construction or maintenance
23 services to all governmental units providing such services to the
24 property. Except as provided in Article VIII, section 11, of the
25 Constitution of Nebraska, the payment in lieu of taxes shall be based on
26 the proportionate share of the cost of providing public safety, rescue,
27 or emergency services and road or street construction or maintenance
28 services unless a general policy is adopted by the governing body of the
29 governmental subdivision providing such services which provides for a
30 different method of determining the amount of the payment in lieu of
31 taxes. The governing body may adopt a general policy by ordinance or

1 resolution for determining the amount of payment in lieu of taxes by
2 majority vote after a hearing on the ordinance or resolution. Such
3 ordinance or resolution shall nevertheless result in an equitable
4 contribution for the cost of providing such services to the exempt
5 property;

6 (c) Property owned by and used exclusively for agricultural and
7 horticultural societies;

8 (d) Property owned by educational, religious, charitable, or
9 cemetery organizations, or any organization for the exclusive benefit of
10 any such educational, religious, charitable, or cemetery organization,
11 and used exclusively for educational, religious, charitable, or cemetery
12 purposes, when such property is not (i) owned or used for financial gain
13 or profit to either the owner or user, (ii) used for the sale of
14 alcoholic liquors for more than twenty hours per week, or (iii) owned or
15 used by an organization which discriminates in membership or employment
16 based on race, color, or national origin. For purposes of this
17 subdivision, educational organization means (A) an institution operated
18 exclusively for the purpose of offering regular courses with systematic
19 instruction in academic, vocational, or technical subjects or assisting
20 students through services relating to the origination, processing, or
21 guarantying of federally reinsured student loans for higher education or
22 (B) a museum or historical society operated exclusively for the benefit
23 and education of the public. For purposes of this subdivision, charitable
24 organization includes an organization operated exclusively for the
25 purpose of the mental, social, or physical benefit of the public or an
26 indefinite number of persons and a fraternal benefit society organized
27 and licensed under sections 44-1072 to 44-10,109; and

28 (e) Household goods and personal effects not owned or used for
29 financial gain or profit to either the owner or user.

30 (2) The increased value of land by reason of shade and ornamental
31 trees planted along the highway shall not be taken into account in the

1 valuation of land.

2 (3) Tangible personal property which is not depreciable tangible
3 personal property as defined in section 77-119 shall be exempt from
4 property tax.

5 (4) Motor vehicles, trailers, and semitrailers required to be
6 registered for operation on the highways of this state shall be exempt
7 from payment of property taxes.

8 (5) Business and agricultural inventory shall be exempt from the
9 personal property tax. For purposes of this subsection, business
10 inventory includes personal property owned for purposes of leasing or
11 renting such property to others for financial gain only if the personal
12 property is of a type which in the ordinary course of business is leased
13 or rented thirty days or less and may be returned at the option of the
14 lessee or renter at any time and the personal property is of a type which
15 would be considered household goods or personal effects if owned by an
16 individual. All other personal property owned for purposes of leasing or
17 renting such property to others for financial gain shall not be
18 considered business inventory.

19 (6) Any personal property exempt pursuant to subsection (2) of
20 section 77-4105 or section 77-5209.02 shall be exempt from the personal
21 property tax.

22 (7) Livestock shall be exempt from the personal property tax.

23 (8) Any personal property exempt pursuant to the Nebraska Advantage
24 Act shall be exempt from the personal property tax.

25 (9) Any depreciable tangible personal property used directly in the
26 generation of electricity using wind as the fuel source shall be exempt
27 from the property tax levied on depreciable tangible personal property.
28 Any depreciable tangible personal property used directly in the
29 generation of electricity using solar, biomass, or landfill gas as the
30 fuel source shall be exempt from the property tax levied on depreciable
31 tangible personal property if such depreciable tangible personal property

1 was installed on or after January 1, 2016, and has a nameplate capacity
2 of one hundred kilowatts or more. Depreciable tangible personal property
3 used directly in the generation of electricity using wind, solar,
4 biomass, or landfill gas as the fuel source includes, but is not limited
5 to, wind turbines, rotors and blades, towers, solar panels, trackers,
6 generating equipment, transmission components, substations, supporting
7 structures or racks, inverters, and other system components such as
8 wiring, control systems, switchgears, and generator step-up transformers.

9 (10) Any tangible personal property that is acquired by a person
10 operating a data center located in this state, that is assembled,
11 engineered, processed, fabricated, manufactured into, attached to, or
12 incorporated into other tangible personal property, both in component
13 form or that of an assembled product, for the purpose of subsequent use
14 at a physical location outside this state by the person operating a data
15 center shall be exempt from the personal property tax. Such exemption
16 extends to keeping, retaining, or exercising any right or power over
17 tangible personal property in this state for the purpose of subsequently
18 transporting it outside this state for use thereafter outside this state.
19 For purposes of this subsection, data center means computers, supporting
20 equipment, and other organized assembly of hardware or software that are
21 designed to centralize the storage, management, or dissemination of data
22 and information, environmentally controlled structures or facilities or
23 interrelated structures or facilities that provide the infrastructure for
24 housing the equipment, such as raised flooring, electricity supply,
25 communication and data lines, Internet access, cooling, security, and
26 fire suppression, and any building housing the foregoing.

27 (11) For each person who owns property required to be reported to
28 the county assessor under section 77-1201, there shall be allowed an
29 exemption amount as provided in the Personal Property Tax Relief Act. For
30 each person who owns property required to be valued by the state as
31 provided in section 77-601, 77-682, 77-801, or 77-1248, there shall be

1 allowed a compensating exemption factor as provided in the Personal
2 Property Tax Relief Act.

3 Sec. 4. This act becomes operative on January 1, 2016.

4 Sec. 5. Original sections 77-120 and 77-201, Reissue Revised
5 Statutes of Nebraska, and section 77-202, Revised Statutes Supplement,
6 2015, are repealed.

7 Sec. 6. Since an emergency exists, this act takes effect when
8 passed and approved according to law.