

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 293**

Introduced by Schnoor, 15; Friesen, 34; Johnson, 23; Kolterman, 24.  
Read first time January 15, 2015

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-201, 77-5023, and 79-1016, Reissue Revised Statutes of Nebraska;
- 3 to change valuation of agricultural land and horticultural land; to
- 4 harmonize school aid provisions; to provide an operative date; and
- 5 to repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

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

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

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

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

19 (4) Historically significant real property which meets the  
20 qualifications for historic rehabilitation valuation under sections  
21 77-1385 to 77-1394 shall be valued for taxation as provided in such  
22 sections.

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

1 replacement property for converted property shall be subject to taxation  
2 based upon the date the converted property was acquired and at the  
3 Nebraska adjusted basis of the converted property unless insurance  
4 proceeds are payable by reason of the conversion. For purposes of this  
5 subsection, (a) converted property means tangible personal property which  
6 is compulsorily or involuntarily converted as a result of its destruction  
7 in whole or in part, theft, seizure, requisition, or condemnation, or the  
8 threat or imminence thereof, and no gain or loss is recognized for  
9 federal or state income tax purposes by the holder of the property as a  
10 result of the conversion and (b) replacement property means tangible  
11 personal property acquired within two years after the close of the  
12 calendar year in which tangible personal property was converted and which  
13 is, except for date of construction or manufacture, substantially the  
14 same as the converted property.

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

17 77-5023 (1) Pursuant to section 77-5022, the commission shall have  
18 the power to increase or decrease the value of a class or subclass of  
19 real property in any county or taxing authority or of real property  
20 valued by the state so that all classes or subclasses of real property in  
21 all counties fall within an acceptable range.

22 (2) An acceptable range is the percentage of variation from a  
23 standard for valuation as measured by an established indicator of central  
24 tendency of assessment. Acceptable ranges are: (a) For agricultural land  
25 and horticultural land as defined in section 77-1359, fifty-nine to  
26 sixty-five ~~sixty-nine to seventy-five~~ percent of actual value; (b) for  
27 lands receiving special valuation, fifty-nine to sixty-five ~~sixty-nine to~~  
28 ~~seventy-five~~ percent of special valuation as defined in section 77-1343;  
29 and (c) for all other real property, ninety-two to one hundred percent of  
30 actual value.

31 (3) Any increase or decrease shall cause the level of value

1 determined by the commission to be at the midpoint of the applicable  
2 acceptable range.

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

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

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

12 79-1016 (1) On or before August 25, the county assessor shall  
13 certify to the Property Tax Administrator the total taxable value by  
14 school district in the county for the current assessment year on forms  
15 prescribed by the Tax Commissioner. The county assessor may amend the  
16 filing for changes made to the taxable valuation of the school district  
17 in the county if corrections or errors on the original certification are  
18 discovered. Amendments shall be certified to the Property Tax  
19 Administrator on or before September 30.

20 (2) On or before October 10, the Property Tax Administrator shall  
21 compute and certify to the State Department of Education the adjusted  
22 valuation for the current assessment year for each class of property in  
23 each school district and each local system. The adjusted valuation of  
24 property for each school district and each local system, for purposes of  
25 determining state aid pursuant to the Tax Equity and Educational  
26 Opportunities Support Act, shall reflect as nearly as possible state aid  
27 value as defined in subsection (3) of this section. The Property Tax  
28 Administrator shall notify each school district and each local system of  
29 its adjusted valuation for the current assessment year by class of  
30 property on or before October 10. Establishment of the adjusted valuation  
31 shall be based on the taxable value certified by the county assessor for

1 each school district in the county adjusted by the determination of the  
2 level of value for each school district from an analysis of the  
3 comprehensive assessment ratio study or other studies developed by the  
4 Property Tax Administrator, in compliance with professionally accepted  
5 mass appraisal techniques, as required by section 77-1327. The Tax  
6 Commissioner shall adopt and promulgate rules and regulations setting  
7 forth standards for the determination of level of value for state aid  
8 purposes.

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

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

12 (b) For agricultural and horticultural land, ~~sixty-two~~ seventy-two  
13 percent of actual value as provided in sections 77-1359 and ~~to~~ 77-1363.  
14 For agricultural and horticultural land that receives special valuation  
15 pursuant to section 77-1344, ~~sixty-two~~ seventy-two percent of special  
16 valuation as defined in section 77-1343; and

17 (c) For personal property, the net book value as defined in section  
18 77-120.

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

1 after the date of the order. The written order of the Tax Commissioner  
2 may be appealed within thirty days after the date of the order to the Tax  
3 Equalization and Review Commission in accordance with section 77-5013.

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

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

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

31 (8) A school district whose state aid is to be calculated pursuant

1 to subsection (5) of this section and whose state aid payment is  
2 postponed as a result of failure to calculate state aid pursuant to such  
3 subsection may apply to the state board for lump-sum payment of such  
4 postponed state aid. Such application may be for any amount up to one  
5 hundred percent of the postponed state aid. The state board may grant the  
6 entire amount applied for or any portion of such amount. The state board  
7 shall notify the Director of Administrative Services of the amount of  
8 funds to be paid in a lump sum and the reduced amount of the monthly  
9 payments. The Director of Administrative Services shall, at the time of  
10 the next state aid payment made pursuant to section 79-1022, draw a  
11 warrant for the lump-sum amount from appropriated funds and forward such  
12 warrant to the district.

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

14       Sec. 5. Original sections 77-201, 77-5023, and 79-1016, Reissue  
15 Revised Statutes of Nebraska, are repealed.