

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 825**

Introduced by Davis, 43.

Read first time January 08, 2016

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section  
2 77-382, Revised Statutes Cumulative Supplement, 2014; to provide  
3 reporting requirements for tax-exempt property as prescribed; to  
4 provide duties for the Department of Revenue; to change provisions  
5 relating to a tax expenditure report; and to repeal the original  
6 section.

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

1           Section 1. (1) By April 1 of each even-numbered year, the owner of  
2 each parcel of property that is exempt from property taxes under section  
3 77-202 shall file with the county assessor of the county in which the  
4 property is located a form containing the following information:

5           (a) The name and address of the owner of the property and, if  
6 applicable, the type of organization that owns the property;

7           (b) The legal description of the property;

8           (c) The date of acquisition of the property;

9           (d) A description of any improvements on the property;

10           (e) A statement indicating whether or not any portion of the  
11 property was leased to another person during the preceding two years. If  
12 the property was leased, the statement shall identify the portion of the  
13 property that was leased, identify the lessee, and describe the ways in  
14 which the lease payments were used by the owner of the property; and

15           (f) The owner's estimate of the fair market value of the property on  
16 January 1 of the even-numbered year. The owner shall provide this  
17 estimate by marking one of a number of value ranges provided on the form.  
18 The county assessor of the county in which the property is located may  
19 review the owner's estimate of the fair market value of the property and  
20 adjust the value if necessary to reflect the correct fair market value.

21           (2) By July 1 of each even-numbered year, the county assessor of  
22 each county shall complete and deliver to the Department of Revenue a  
23 form on which the county assessor estimates the fair market value of tax-  
24 exempt property, classified by type of owner, within his or her county.

25           (3) The Department of Revenue shall prescribe the forms to be used  
26 for purposes of subsections (1) and (2) of this section. The form for  
27 subsection (1) of this section shall include the value ranges for  
28 estimating the fair market value of property that the department  
29 determines will result in the best estimate of the fair market value of  
30 tax-exempt property in this state. The department shall distribute both  
31 such forms to the county assessors.

1           (4) The Department of Revenue shall tabulate data from the forms  
2 received under subsection (2) of this section and prepare an estimate of  
3 the fair market value of tax-exempt property in this state by category of  
4 owner. The department shall include this information in the tax  
5 expenditure report required under section 77-382.

6           (5) Each person that is required to file a report under subsection  
7 (1) of this section shall pay a reasonable fee that is sufficient to  
8 defray the costs to the county of distributing and reviewing the forms  
9 under subsection (1) of this section and of preparing the form for the  
10 Department of Revenue under subsection (2) of this section. The amount of  
11 the fee shall be established by the county board. This subsection does  
12 not apply to a church that is required to file a report under subsection  
13 (1) of this section.

14           (6) If the form under subsection (1) of this section is not received  
15 by April 1 of the even-numbered year, the county assessor shall send the  
16 owner of the property a notice, by certified mail, stating that the  
17 property for which the form is required will be appraised at the owner's  
18 expense if a completed form is not received by the county assessor within  
19 thirty days after the notice is sent. If the completed form is not  
20 received by the county assessor within thirty days after the notice is  
21 sent, the property shall be appraised either by the county assessor or by  
22 a person hired by the county assessor to conduct the appraisal.

23           (7) This section does not apply to property that is exempt from  
24 property taxes under subdivisions (1)(a) or (1)(b) of section 77-202.

25           Sec. 2. (1) By April 1 of each even-numbered year, each person who  
26 owns property that is exempt from property taxes under section 77-202,  
27 except for properties exempt under subdivision (1)(a) or (1)(b) of  
28 section 77-202, and that was used in the most recently ended taxable year  
29 in a trade or business for which the owner of the property was subject to  
30 taxation under sections 511 to 515 of the Internal Revenue Code shall  
31 file with the county assessor of the county in which the property is

1 located a statement containing the following information:

2 (a) The name, address, and telephone number of the owner of the  
3 property;

4 (b) The name, address, and telephone number of a person who can be  
5 contacted concerning the use of the property in a trade or business;

6 (c) A general description of the activities engaged in to conduct  
7 the trade or business; and

8 (d) The location and a description of the property that is used in  
9 the trade or business, including, if applicable, the specific portion of  
10 a building that is used to conduct the trade or business.

11 (2) If the statement required under this section is not received by  
12 the due date, the county assessor shall send the owner of the property a  
13 notice, by certified mail, stating that failure to file the statement is  
14 subject to the penalties under subsection (3) of this section.

15 (3) A person who fails to file a statement within thirty days after  
16 notification under subsection (2) of this section shall forfeit ten  
17 dollars for each succeeding day on which the form is not received by the  
18 county assessor, not to exceed five hundred dollars.

19 Sec. 3. Section 77-382, Revised Statutes Cumulative Supplement,  
20 2014, is amended to read:

21 77-382 (1) The department shall prepare a tax expenditure report  
22 describing (a) the basic provisions of the Nebraska tax laws, (b) the  
23 actual or estimated revenue loss caused by the exemptions, deductions,  
24 exclusions, deferrals, credits, and preferential rates in effect on July  
25 1 of each year and allowed under Nebraska's tax structure and in the  
26 property tax, (c) the actual or estimated revenue loss caused by failure  
27 to impose sales and use tax on services purchased for nonbusiness use,  
28 and (d) the elements which make up the tax base for state and local  
29 income, including income, sales and use, property, and miscellaneous  
30 taxes.

31 (2) The department shall review the major tax exemptions for which

1 state general funds are used to reduce the impact of revenue lost due to  
2 a tax expenditure. The report shall indicate an estimate of the amount of  
3 the reduction in revenue resulting from the operation of all tax  
4 expenditures. The report shall list each tax expenditure relating to  
5 sales and use tax under the following categories:

6 (a) Agriculture, which shall include a separate listing for the  
7 following items: Agricultural machinery; agricultural chemicals; seeds  
8 sold to commercial producers; water for irrigation and manufacturing;  
9 commercial artificial insemination; mineral oil as dust suppressant;  
10 animal grooming; oxygen for use in aquaculture; animal life whose  
11 products constitute food for human consumption; and grains;

12 (b) Business across state lines, which shall include a separate  
13 listing for the following items: Property shipped out-of-state;  
14 fabrication labor for items to be shipped out-of-state; property to be  
15 transported out-of-state; property purchased in other states to be used  
16 in Nebraska; aircraft delivery to an out-of-state resident or business;  
17 state reciprocal agreements for industrial machinery; and property taxed  
18 in another state;

19 (c) Common carrier and logistics, which shall include a separate  
20 listing for the following items: Railroad rolling stock and repair parts  
21 and services; common or contract carriers and repair parts and services;  
22 common or contract carrier accessories; and common or contract carrier  
23 safety equipment;

24 (d) Consumer goods, which shall include a separate listing for the  
25 following items: Motor vehicles and motorboat trade-ins; merchandise  
26 trade-ins; certain medical equipment and medicine; newspapers;  
27 laundromats; telefloral deliveries; motor vehicle discounts for the  
28 disabled; and political campaign fundraisers;

29 (e) Energy, which shall include a separate listing for the following  
30 items: Motor fuels; energy used in industry; energy used in agriculture;  
31 aviation fuel; and minerals, oil, and gas severed from real property;

1 (f) Food, which shall include a separate listing for the following  
2 items: Food for home consumption; Supplemental Nutrition Assistance  
3 Program; school lunches; meals sold by hospitals; meals sold by  
4 institutions at a flat rate; food for the elderly, handicapped, and  
5 Supplemental Security Income recipients; and meals sold by churches;

6 (g) General business, which shall include a separate listing for the  
7 following items: Component and ingredient parts; manufacturing machinery;  
8 containers; film rentals; molds and dies; syndicated programming;  
9 intercompany sales; intercompany leases; sale of a business or farm  
10 machinery; and transfer of property in a change of business ownership;

11 (h) Lodging and shelter, which shall include a separate listing for  
12 the following item: Room rentals by certain institutions;

13 (i) Miscellaneous, which shall include a separate listing for the  
14 following items: Cash discounts and coupons; separately stated finance  
15 charges; casual sales; lease-to-purchase agreements; and separately  
16 stated taxes;

17 (j) Nonprofits, governments, and exempt entities, which shall  
18 include a separate listing for the following items: Purchases by  
19 political subdivisions of the state; purchases by churches and nonprofit  
20 colleges and medical facilities; purchasing agents for public real estate  
21 construction improvements; contractor as purchasing agent for public  
22 agencies; Nebraska lottery; admissions to school events; sales on Native  
23 American Indian reservations; school-supporting fundraisers; fine art  
24 purchases by a museum; purchases by the Nebraska State Fair Board;  
25 purchases by the Nebraska Investment Finance Authority and licensees of  
26 the State Racing Commission; purchases by the United States Government;  
27 public records; and sales by religious organizations;

28 (k) Recent sales tax expenditures, which shall include a separate  
29 listing for each sales tax expenditure created by statute or rule and  
30 regulation after July 19, 2012;

31 (l) Services purchased for nonbusiness use, which shall include a

1 separate listing for each such service, including, but not limited to,  
2 the following items: Motor vehicle cleaning, maintenance, and repair  
3 services; cleaning and repair of clothing; cleaning, maintenance, and  
4 repair of other tangible personal property; maintenance, painting, and  
5 repair of real property; entertainment admissions; personal care  
6 services; lawn care, gardening, and landscaping services; pet-related  
7 services; storage and moving services; household utilities; other  
8 personal services; taxi, limousine, and other transportation services;  
9 legal services; accounting services; other professional services; and  
10 other real estate services; and

11 (m) Telecommunications, which shall include a separate listing for  
12 the following items: Telecommunications access charges; prepaid calling  
13 arrangements; conference bridging services; and nonvoice data services.

14 ~~(3) It is the intent of the Legislature that nothing in the Tax~~  
15 ~~Expenditure Reporting Act shall cause the valuation or assessment of any~~  
16 ~~property exempt from taxation on the basis of its use exclusively for~~  
17 ~~religious, educational, or charitable purposes.~~

18 Sec. 4. Original section 77-382, Revised Statutes Cumulative  
19 Supplement, 2014, is repealed.