

One Hundred Fifth Legislature - Second Session - 2018

Introducer's Statement of Intent

LB1100

Chairperson: Senator Jim Smith

Committee: Revenue

Date of Hearing:

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 1100 changes the way agricultural land is valued for property tax purposes. The bill changes agricultural land valuations from the current market based system to a productivity based system. The primary reason for making the change to a productivity based system is that the current market based system is not fair. This bill is designed to make agricultural land valuations fair, equitable, objective, simplified, and transparent.

LB 1100 bases agricultural land valuations for sprinkler irrigated cropland, gravity irrigated cropland, and dryland cropland upon soil productivity ratings established by the Natural Resources Conservation Service (NRCS) of the United States Department of Agriculture (USDA) and commodity price data provided by the Department of Agricultural Economics at the University of Nebraska-Lincoln. Agricultural land valuations for grassland are based upon carrying capacities for animals expressed in terms of income values per animal unit months.

LB 1100 establishes the Agricultural Land Valuation Board, consisting of eight board members. Six of the eight board members are chosen by the Governor from each of the following categories: Someone involved in livestock production, someone involved in agricultural crop production, someone from a farm advocacy organization, someone with a county assessor certificate, someone from the Department of Agricultural Economics at the University of Nebraska-Lincoln, and someone from the Nebraska Ethanol Board. Nebraska's Tax Commissioner serves as the seventh member of the board. Nebraska's Director of Agriculture serves as the eighth member of the board and also serves as the board's chair. The Agricultural Land Valuation Board is charged with creating a manual detailing the methods to be used for agricultural land valuations across the state and for setting appropriate discount rates to be used for calculating agricultural land valuations.

The Nebraska Constitution, Article VIII, Section 1, subsections (4) and (5), authorize this method of assessment.

Principal Introducer: _____

Senator Steve Erdman