

ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019
COMMITTEE STATEMENT
LB103

Hearing Date: Thursday January 24, 2019
Committee On: Revenue
Introducer: Linehan
One Liner: Change provisions relating to property tax requests

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	7	Senators McCollister, Linehan, Lindstrom, Groene, Friesen, Crawford, Briese
Nay:		
Absent:		
Present Not Voting:	1	Senator Kolterman

Oral Testimony:

Proponents:

Sen. Lou Ann Linehan
Bruce Rieker

Coby Mach
Sarah Curry
Roger Wallace

Opponents:

Kyle McGowan

Stephen Curtiss
Greg Adams
Lynn Rex
Mark Johnson
Patrick Sullivan

Neutral:

Jon Cannon

Representing:

Introducer
Nebraska Farm Bureau, Nebraska Cattlemen, Nebraska Pork Producers, Nebraska Corn Growers, Nebraska Wheat Growers, Nebraska Dairy Association, Nebraska Soybean Growers
Lincoln Independent Business Association
Platte Institute
Self

Representing:

Nebraska Association of School Boards, Nebraska State Education Association, Educational Service Unit Coordinating Council, Nebraska Council of School Administrators, Greater Nebraska School Association
City of Omaha
Nebraska Community College Association
League of Nebraska Municipalities
Fullenkamp, Jobeum, Johnson & Beller LLP
ENDC, Multiple SIDs

Representing:

NACO

Summary of purpose and/or changes:

LB103 requires every political subdivision that requests property tax dollars to pass a resolution or ordinance requesting the amount of property taxes that has been adopted in the budget document.

When an increase in the ensuing tax year's certified valuation would result in an increase in property tax dollars

requested, the political subdivision will be required to reduce its tax rate to generate the same amount of property tax dollars generated in the current year. This reduction shall be calculated by using the current year's property tax rate multiplied the by ensuing year's increased certified valuation.

For example: The tax rate to generate the budgeted tax request in 2017-18 is \$1.05. The proposed budget for 2018-19 includes \$11,452,446 of property tax dollars at a tax rate of \$1.05. Because there is an increase in the certified valuation, LB103 would require this political subdivision to reduce its property tax rate to .9938 to generate the same amount of tax dollars requested in 2017-18

To increase the tax levy and property tax dollars requested, the political subdivision shall hold a public hearing. The public hearing will require a 30-day publication notice. The public hearing may not be held at the same time as the budget hearing.

LB103 provides the required information for the notice of hearing. The required information includes:

- The time, day and place of the hearing.
- The name of the political subdivision
- The percentage increase in the certified valuation
- The tax rate that would generate the same amount of property tax dollars as the current year called the lowered tax rate.
- The proposed tax rate known as the effective tax rate increase.
- The percentage increase of the proposed budget.

The governing body will be required to pass a resolution or ordinance to set the property tax request at the higher amount. The resolution or ordinance will be filed with the county clerk on or before October 13.

Explanation of amendments:

AM116 strikes the original sections of LB103 and becomes the bill.

The governing body of a county, municipality, school district, learning community, sanitary and improvement district, natural resources district, education service unit, or community college shall be required to hold a public hearing to set its property tax request. The public hearing is required if:

- The annual assessment of property would result in an increase in the total property taxes levied, such subdivision will be required to reduce its property tax rate to generate no more than the amount of property tax dollars requested in the current year.
- The annual assessment of property would result in no change or a decrease in the total property taxes levied such subdivision will be required to adjust its property tax rate to generate no more than the prior year's property tax request.
- The governing body wishes to set its property tax request at an amount that exceeds its property tax request in the prior year.

The notice of hearing for the tax request shall be published in a newspaper of general circulation five days prior to the hearing. The hearing notice may be posted at the governing body's principal headquarters five days prior to the hearing if the political subdivisions total operating budget, not including reserves, does not exceed \$10,000 per year or \$20,000 per a biennial period.

The hearing notice shall contain the following information:

- Certified taxable value for the prior year
- Certified taxable value for the current year
- Percentage increase or decrease in the certified taxable value
- Dollar amount of prior year's tax request
- Property tax rate of prior year
- Property tax rate to fund prior year's tax request with current year's certified taxable value
- Proposed dollar amount of tax request for the current year

- Property tax rate necessary to fund the request
- Percentage increase or decrease in the property tax rate from the prior year to the current year
- Percentage increase or decrease in the total operating budget from the prior year to the current year

The resolution or ordinance shall include, but not be limited to the following information:

- Name of political subdivision
- Amount of property tax request
- The percentage difference in the total assessed value
- The property tax rate to fund prior year's tax request with current year's certified taxable value
- The tax rate that will fund the proposed property tax request
- The percentage increase or decrease in the total operating budget
- The record vote of the governing body

The resolution or ordinance shall be filed with the county clerk on or before October 13 of the year applicable to the property tax request.

Lou Ann Linehan, Chairperson