

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB466

Hearing Date: Thursday February 11, 2021
Committee On: Revenue
Introducer: Linehan
One Liner: Require the proration of property taxes when real property is sold

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

Vote Results:
Aye: 8 Senators Albrecht, Bostar, Briese, Flood, Friesen, Lindstrom, Linehan, Pahls
Nay:
Absent:
Present Not Voting:

Oral Testimony:

Proponents: Senator Lou Ann Linehan	Representing: Introducer
Opponents:	Representing:
Neutral: Jon Cannon	Representing: NACO

Summary of purpose and/or changes:

LB466 is intended to address a situation that exists in Douglas and Sarpy counties.

In other Nebraska counties, when real property is sold, an estimate of property taxes for the current year is made and prorated between the seller and the buyer. Prior year taxes, even though paid in arrears, typically remain the responsibility of the seller. (Note that from a legal standpoint, property taxes attach to the real estate and, if not paid, became a lien against the real property.)

In Douglas and Sarpy counties, there is a "custom" that current year property taxes are not estimated nor prorated between the parties. Prior year taxes, however, which are typically paid in arrears, are prorated between the buyer and the seller as if they were the current year taxes. As a result, a buyer pays a portion of the property taxes for the prior year and is responsible for the current year taxes when they are assessed.

LB466 would require the county assessor (county treasurers under AM157) to prorate the property taxes for the year in which the sale occurs, based on the number days the buyer and seller owned the property, unless the parties have agreed to a different proration of these taxes.

Explanation of amendments:

The amendment requires the county treasurer, rather than the count assessor, to prorate the property taxes described in the bill.

Lou Ann Linehan, Chairperson