

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 454

Introduced by Friesen, 34.

Read first time January 15, 2021

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-201 and 77-5023, Reissue Revised Statutes of Nebraska, and
3 sections 79-1016 and 79-1018.01, Revised Statutes Cumulative
4 Supplement, 2020; to adopt the School Property Tax Stabilization
5 Act; to change the valuation of agricultural land and horticultural
6 land as prescribed; to harmonize provisions; to provide operative
7 dates; and to repeal the original sections.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 4 of this act shall be known and may be
2 cited as the School Property Tax Stabilization Act.

3 Sec. 2. (1) On or before September 15, 2021, the State Department
4 of Education shall determine the total school property tax stabilization
5 payment to be paid to each eligible school district for the 2021-22
6 school fiscal year. On or before June 30, 2022, and on or before June 30
7 of each year thereafter, the State Department of Education shall
8 determine the total school property tax stabilization payment to be paid
9 to each eligible school district for the ensuing school fiscal year.

10 (2) A school district is eligible for a school property tax
11 stabilization payment if the school district property tax requirement
12 exceeds seventy percent of the formula need calculated for such school
13 district for the school fiscal year for which a total school property tax
14 stabilization payment is being calculated.

15 (3) The school district property tax requirement for each school
16 district shall equal the formula need calculated pursuant to section
17 79-1007.11 minus the sum of the amount to be distributed pursuant to the
18 Tax Equity and Educational Opportunities Support Act as certified
19 pursuant to section 79-1022 and other actual receipts as determined
20 pursuant to section 79-1018.01 for such school district for the school
21 fiscal year for which a total school property tax stabilization payment
22 is being calculated.

23 (4) The school property tax stabilization base for an eligible
24 school district shall equal the amount by which the school district
25 property tax requirement exceeds the difference of seventy percent of the
26 formula need minus the sum of the amount to be distributed pursuant to
27 the Tax Equity and Educational Opportunities Support Act and other actual
28 receipts for such school district.

29 (5) The total school property tax stabilization payment to be paid
30 to an eligible school district shall equal the school property tax
31 stabilization base for such school district multiplied by fifty percent.

1 Sec. 3. The total school property tax stabilization payment
2 calculated pursuant to section 2 of this act for each eligible school
3 district shall be certified to the Director of Administrative Services,
4 the Auditor of Public Accounts, and each school district. The amounts
5 certified pursuant to this section shall be divided and distributed in
6 ten as nearly as possible equal monthly school property tax stabilization
7 payments on the last business day of each month beginning in September of
8 the school fiscal year for which such school property tax stabilization
9 payments were certified and ending in June of such school fiscal year,
10 except that a school district that would receive monthly school property
11 tax stabilization payments of less than one thousand dollars shall
12 receive the total school property tax stabilization payment on the last
13 business day of December during such school fiscal year.

14 Sec. 4. It is the intent of the Legislature to appropriate the
15 amount necessary to carry out the School Property Tax Stabilization Act
16 for each school fiscal year.

17 Sec. 5. Section 77-201, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 77-201 (1) Except as provided in subsections (2) through (4) of this
20 section, all real property in this state, not expressly exempt therefrom,
21 shall be subject to taxation and shall be valued at its actual value.

22 (2) Agricultural land and horticultural land as defined in section
23 77-1359 shall constitute a separate and distinct class of property for
24 purposes of property taxation, shall be subject to taxation, unless
25 expressly exempt from taxation, and shall be valued at seventy-five
26 percent of its actual value, except that for school district taxation
27 purposes, such land shall be valued at a percentage of its actual value
28 as determined from the table in subsection (6) of this section.

29 (3) Agricultural land and horticultural land actively devoted to
30 agricultural or horticultural purposes which has value for purposes other
31 than agricultural or horticultural uses and which meets the

1 qualifications for special valuation under section 77-1344 shall
2 constitute a separate and distinct class of property for purposes of
3 property taxation, shall be subject to taxation, and shall be valued for
4 taxation at seventy-five percent of its special valuation value as
5 defined in section 77-1343, except that for school district taxation
6 purposes, such land shall be valued at a percentage of its special
7 valuation as determined from the table in subsection (6) of this section.

8 (4) Historically significant real property which meets the
9 qualifications for historic rehabilitation valuation under sections
10 77-1385 to 77-1394 shall be valued for taxation as provided in such
11 sections.

12 (5) Tangible personal property, not including motor vehicles,
13 trailers, and semitrailers registered for operation on the highways of
14 this state, shall constitute a separate and distinct class of property
15 for purposes of property taxation, shall be subject to taxation, unless
16 expressly exempt from taxation, and shall be valued at its net book
17 value. Tangible personal property transferred as a gift or devise or as
18 part of a transaction which is not a purchase shall be subject to
19 taxation based upon the date the property was acquired by the previous
20 owner and at the previous owner's Nebraska adjusted basis. Tangible
21 personal property acquired as replacement property for converted property
22 shall be subject to taxation based upon the date the converted property
23 was acquired and at the Nebraska adjusted basis of the converted property
24 unless insurance proceeds are payable by reason of the conversion. For
25 purposes of this subsection, (a) converted property means tangible
26 personal property which is compulsorily or involuntarily converted as a
27 result of its destruction in whole or in part, theft, seizure,
28 requisition, or condemnation, or the threat or imminence thereof, and no
29 gain or loss is recognized for federal or state income tax purposes by
30 the holder of the property as a result of the conversion and (b)
31 replacement property means tangible personal property acquired within two

1 years after the close of the calendar year in which tangible personal
2 property was converted and which is, except for date of construction or
3 manufacture, substantially the same as the converted property.

4 (6) The applicable percentage to be used for school district
5 taxation purposes under subsections (2) and (3) of this section shall be
6 determined from the following table:

<u>Tax Year</u>	<u>Percentage</u>
<u>2022</u>	<u>65</u>
<u>2023 and after</u>	<u>55</u>

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10 (7) For purposes of this section, school district taxation means
11 property taxes levied on real or personal property by any school district
12 or multiple-district school system, excluding property taxes levied to
13 pay the principal and interest on bonds issued by the school district or
14 multiple-district school system.

15 Sec. 6. 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, sixty-nine to
26 seventy-five percent of actual value, except that for school district
27 taxation purposes, the acceptable range is a percentage range of actual
28 value as determined pursuant to subsection (6) of this section; (b) for
29 lands receiving special valuation, sixty-nine to seventy-five percent of
30 special valuation as defined in section 77-1343, except that for school
31 district taxation purposes, the acceptable range is a percentage range of

1 special valuation as determined pursuant to subsection (6) of this
2 section; and (c) for all other real property, ninety-two to one hundred
3 percent of actual value.

4 (3) Any increase or decrease shall cause the level of value
5 determined by the commission to be at the midpoint of the applicable
6 acceptable range.

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

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

14 (6) The applicable percentage range to be used for school district
15 taxation purposes under subdivisions (2)(a) and (b) of this section shall
16 be determined from the following table:

<u>Tax Year</u>	<u>Percentage Range</u>
<u>2022</u>	<u>59 to 65</u>
<u>2023 and after</u>	<u>49 to 55</u>

20 (7) For purposes of this section, school district taxation means
21 property taxes levied on real or personal property by any school district
22 or multiple-district school system, excluding property taxes levied to
23 pay the principal and interest on bonds issued by the school district or
24 multiple-district school system.

25 Sec. 7. Section 79-1016, Revised Statutes Cumulative Supplement,
26 2020, is amended to read:

27 79-1016 (1) On or before August 20, the county assessor shall
28 certify to the Property Tax Administrator the total taxable value by
29 school district in the county for the current assessment year on forms
30 prescribed by the Tax Commissioner. The county assessor may amend the
31 filing for changes made to the taxable valuation of the school district

1 in the county if corrections or errors on the original certification are
2 discovered. Amendments shall be certified to the Property Tax
3 Administrator on or before August 31.

4 (2) On or before October 10, the Property Tax Administrator shall
5 compute and certify to the State Department of Education the adjusted
6 valuation for the current assessment year for each class of property in
7 each school district and each local system. The adjusted valuation of
8 property for each school district and each local system, for purposes of
9 determining state aid pursuant to the Tax Equity and Educational
10 Opportunities Support Act, shall reflect as nearly as possible state aid
11 value as defined in subsection (3) of this section. The Property Tax
12 Administrator shall notify each school district and each local system of
13 its adjusted valuation for the current assessment year by class of
14 property on or before October 10. Establishment of the adjusted valuation
15 shall be based on the taxable value certified by the county assessor for
16 each school district in the county adjusted by the determination of the
17 level of value for each school district from an analysis of the
18 comprehensive assessment ratio study or other studies developed by the
19 Property Tax Administrator, in compliance with professionally accepted
20 mass appraisal techniques, as required by section 77-1327. The Tax
21 Commissioner shall adopt and promulgate rules and regulations setting
22 forth standards for the determination of level of value for state aid
23 purposes.

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

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

27 (b) For agricultural and horticultural land: τ

28 (i) For the adjusted valuation used for the calculation of aid for
29 school fiscal years prior to school fiscal year 2022-23, seventy-two
30 percent of actual value as provided in sections 77-1359 and ~~to~~ 77-1363;

31 (ii) For the adjusted valuation used for the calculation of aid for

1 school fiscal year 2022-23, sixty-two percent of actual value as provided
2 in sections 77-1359 and 77-1363; and

3 (iii) For the adjusted valuation used for the calculation of aid for
4 school fiscal year 2023-24 and each school fiscal year thereafter, fifty-
5 two percent of actual value as provided in sections 77-1359 and 77-1363;

6 (c) - For agricultural and horticultural land that receives special
7 valuation pursuant to section 77-1344; -

8 (i) For the adjusted valuation used for the calculation of aid for
9 school fiscal years prior to school fiscal year 2022-23, seventy-two
10 percent of special valuation as defined in section 77-1343;

11 (ii) For the adjusted valuation used for the calculation of aid for
12 school fiscal year 2022-23, sixty-two percent of special valuation as
13 defined in section 77-1343; and

14 (iii) For the adjusted valuation used for the calculation of aid for
15 school fiscal year 2023-24 and each school fiscal year thereafter, fifty-
16 two percent of special valuation as defined in section 77-1343; and

17 (d) ~~(e)~~ For personal property, the net book value as defined in
18 section 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. 8. Section 79-1018.01, Revised Statutes Cumulative Supplement,
14 2020, is amended to read:

15 79-1018.01 Except as otherwise provided in this section, local
16 system formula resources include other actual receipts available for the
17 funding of general fund operating expenditures as determined by the
18 department for the second school fiscal year immediately preceding the
19 school fiscal year in which aid is to be paid. Other actual receipts
20 include:

21 (1) Public power district sales tax revenue;

22 (2) Fines and license fees;

23 (3) Tuition receipts from individuals, other districts, or any other
24 source except receipts derived from adult education, receipts derived
25 from summer school tuition, receipts derived from early childhood
26 education tuition, tuition receipts from converted contracts beginning
27 with the calculation of state aid to be distributed in school fiscal year
28 2011-12, and receipts from educational entities as defined in section
29 79-1201.01 for providing distance education courses through the
30 Educational Service Unit Coordinating Council to such educational
31 entities;

- 1 (4) Transportation receipts;
- 2 (5) Interest on investments;
- 3 (6) Other miscellaneous noncategorical local receipts, not including
4 receipts from private foundations, individuals, associations, or
5 charitable organizations;
- 6 (7) Special education receipts;
- 7 (8) Special education receipts and non-special education receipts
8 from the state for wards of the court and wards of the state;
- 9 (9) All receipts from the temporary school fund. Receipts from the
10 temporary school fund shall only include (a) receipts pursuant to section
11 79-1035 and (b) the receipt of funds pursuant to section 79-1036 for
12 property leased for a public purpose as set forth in subdivision (1)(a)
13 of section 77-202;
- 14 (10) Motor vehicle tax receipts received;
- 15 (11) Pro rata motor vehicle license fee receipts;
- 16 (12) Other miscellaneous state receipts excluding revenue from the
17 School Property Tax Stabilization Act and the textbook loan program
18 authorized by section 79-734;
- 19 (13) Impact aid entitlements for the school fiscal year which have
20 actually been received by the district to the extent allowed by federal
21 law;
- 22 (14) All other noncategorical federal receipts;
- 23 (15) Receipts under the federal Medicare Catastrophic Coverage Act
24 of 1988, as such act existed on January 1, 2014, as authorized pursuant
25 to sections 43-2510 and 43-2511 for services to school-age children,
26 excluding amounts designated as reimbursement for costs associated with
27 the implementation and administration of the billing system pursuant to
28 section 43-2511;
- 29 (16) Receipts for accelerated or differentiated curriculum programs
30 pursuant to sections 79-1106 to 79-1108.03; and
- 31 (17) Revenue received from the nameplate capacity tax distributed

1 pursuant to section 77-6204.

2 Sec. 9. Sections 5, 6, and 10 of this act become operative on
3 January 1, 2022. The other sections of this act become operative on their
4 effective date.

5 Sec. 10. Original sections 77-201 and 77-5023, Reissue Revised
6 Statutes of Nebraska, are repealed.

7 Sec. 11. Original sections 79-1016 and 79-1018.01, Revised Statutes
8 Cumulative Supplement, 2020, are repealed.