

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 622

Introduced by Friesen, 34.

Read first time January 20, 2021

Committee: Revenue

- 1 A BILL FOR AN ACT relating to property taxes; to amend sections 77-201
2 and 77-5023, Reissue Revised Statutes of Nebraska, and section
3 79-1016, Revised Statutes Cumulative Supplement, 2020; to limit the
4 growth of real property valuations as prescribed; to provide for
5 adjustments to assessed values as prescribed; to harmonize
6 provisions; to provide an operative date; and to repeal the original
7 sections.
- 8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-201, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 77-201 (1) Except as provided in subsections (2) through (4) of this
4 section, all real property in this state, not expressly exempt therefrom,
5 shall be subject to taxation and shall be valued at one hundred percent
6 of its actual value unless subsection (6) of this section applies, in
7 which case such property shall be valued at the percentage of actual
8 value determined under subsection (6) of this section.

9 (2) Agricultural land and horticultural land as defined in section
10 77-1359 shall constitute a separate and distinct class of property for
11 purposes of property taxation, shall be subject to taxation, unless
12 expressly exempt from taxation, and shall be valued at seventy-five
13 percent of its actual value unless subsection (7) of this section
14 applies, in which case such property shall be valued at the percentage of
15 actual value determined under subsection (7) of this section.

16 (3) Agricultural land and horticultural land actively devoted to
17 agricultural or horticultural purposes which has value for purposes other
18 than agricultural or horticultural uses and which meets the
19 qualifications for special valuation under section 77-1344 shall
20 constitute a separate and distinct class of property for purposes of
21 property taxation, shall be subject to taxation, and shall be valued for
22 taxation at seventy-five percent of its special valuation value as
23 defined in section 77-1343 unless subsection (7) of this section applies,
24 in which case such property shall be valued at the percentage of special
25 valuation determined under subsection (7) of this section.

26 (4) Historically significant real property which meets the
27 qualifications for historic rehabilitation valuation under sections
28 77-1385 to 77-1394 shall be valued for taxation as provided in such
29 sections unless subsection (6) of this section applies, in which case
30 such property shall be valued at the percentage of actual value
31 determined under subsection (6) of this section.

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

24 (6)(a) The total assessed value of all nonagricultural real property
25 for any year shall not be more than three percent greater than the total
26 assessed value of all such property in the prior year, excluding any new
27 growth occurring since the prior year's assessment.

28 (b) If the total assessed value of all nonagricultural real property
29 for any year exceeds the limit provided in subdivision (6)(a) of this
30 section, the Tax Commissioner shall calculate an adjustment ratio to
31 uniformly and proportionately adjust the assessed value of all such

1 property. The Tax Commissioner shall set the adjustment ratio so that the
2 limit in subdivision (6)(a) of this section is not exceeded. The Tax
3 Commissioner shall issue an order to each county assessor to adjust the
4 assessed values of all nonagricultural real property by the adjustment
5 ratio.

6 (7)(a) The total assessed value of all agricultural land and
7 horticultural land as defined in section 77-1359 for any year shall not
8 be more than three percent greater than the total assessed value of all
9 such land in the prior year, excluding any new growth occurring since the
10 prior year's assessment.

11 (b) If the total assessed value of all agricultural land and
12 horticultural land for any year exceeds the limit provided in subdivision
13 (7)(a) of this section, the Tax Commissioner shall calculate an
14 adjustment ratio to uniformly and proportionately adjust the assessed
15 value of all such land. The Tax Commissioner shall set the adjustment
16 ratio so that the limit in subdivision (7)(a) of this section is not
17 exceeded. The Tax Commissioner shall issue an order to each county
18 assessor to adjust the assessed values of all agricultural land and
19 horticultural land by the adjustment ratio.

20 (8) For purposes of this section:

21 (a) New growth means the increase in real property valuation due to
22 improvements to real property as a result of new construction and
23 additions to existing buildings and any other improvements to real
24 property which increase the value of such property; and

25 (b) Nonagricultural real property means all real property in this
26 state other than agricultural land and horticultural land as defined in
27 section 77-1359.

28 Sec. 2. Section 77-5023, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 77-5023 (1) Pursuant to section 77-5022, the commission shall have
31 the power to increase or decrease the value of a class or subclass of

1 real property in any county or taxing authority or of real property
2 valued by the state so that all classes or subclasses of real property in
3 all counties fall within an acceptable range.

4 (2) An acceptable range is the percentage of variation from a
5 standard for valuation as measured by an established indicator of central
6 tendency of assessment. Acceptable ranges are: (a) For agricultural land
7 and horticultural land as defined in section 77-1359, sixty-nine to
8 seventy-five percent of actual value or, for any year in which subsection
9 (7) of section 77-201 applies, a similar percentage variation after
10 taking into account the adjustment made pursuant to subsection (7) of
11 section 77-201; (b) for lands receiving special valuation, sixty-nine to
12 seventy-five percent of special valuation as defined in section 77-1343
13 or, for any year in which subsection (7) of section 77-201 applies, a
14 similar percentage variation after taking into account the adjustment
15 made pursuant to subsection (7) of section 77-201; and (c) for all other
16 real property, ninety-two to one hundred percent of actual value or, for
17 any year in which subsection (6) of section 77-201 applies, a similar
18 percentage variation after taking into account the adjustment made
19 pursuant to subsection (6) of section 77-201.

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

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

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

30 Sec. 3. Section 79-1016, Revised Statutes Cumulative Supplement,
31 2020, is amended to read:

1 79-1016 (1) On or before August 20, the county assessor shall
2 certify to the Property Tax Administrator the total taxable value by
3 school district in the county for the current assessment year on forms
4 prescribed by the Tax Commissioner. The county assessor may amend the
5 filing for changes made to the taxable valuation of the school district
6 in the county if corrections or errors on the original certification are
7 discovered. Amendments shall be certified to the Property Tax
8 Administrator on or before August 31.

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

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

30 (a) For real property other than agricultural and horticultural
31 land, ninety-six percent of actual value or, for any year in which

1 subsection (6) of section 77-201 applies, four percent less than the
2 percentage of actual value determined under subsection (6) of section
3 77-201;

4 (b) For agricultural and horticultural land, seventy-two percent of
5 actual value as provided in sections 77-1359 to 77-1363 or, for any year
6 in which subsection (7) of section 77-201 applies, three percent less
7 than the percentage of actual value determined under subsection (7) of
8 section 77-201. For agricultural and horticultural land that receives
9 special valuation pursuant to section 77-1344, seventy-two percent of
10 special valuation as defined in section 77-1343 or, for any year in which
11 subsection (7) of section 77-201 applies, three percent less than the
12 percentage of special valuation determined under subsection (7) of
13 section 77-201; and

14 (c) For personal property, the net book value as defined in section
15 77-120.

16 (4) On or before November 10, any local system may file with the Tax
17 Commissioner written objections to the adjusted valuations prepared by
18 the Property Tax Administrator, stating the reasons why such adjusted
19 valuations are not the valuations required by subsection (3) of this
20 section. The Tax Commissioner shall fix a time for a hearing. Either
21 party shall be permitted to introduce any evidence in reference thereto.
22 On or before January 1, the Tax Commissioner shall enter a written order
23 modifying or declining to modify, in whole or in part, the adjusted
24 valuations and shall certify the order to the State Department of
25 Education. Modification by the Tax Commissioner shall be based upon the
26 evidence introduced at hearing and shall not be limited to the
27 modification requested in the written objections or at hearing. A copy of
28 the written order shall be mailed to the local system within seven days
29 after the date of the order. The written order of the Tax Commissioner
30 may be appealed within thirty days after the date of the order to the Tax
31 Equalization and Review Commission in accordance with section 77-5013.

1 (5) On or before November 10, any local system or county official
2 may file with the Tax Commissioner a written request for a nonappealable
3 correction of the adjusted valuation due to clerical error as defined in
4 section 77-128 or, for agricultural and horticultural land, assessed
5 value changes by reason of land qualified or disqualified for special use
6 valuation pursuant to sections 77-1343 to 77-1347.01. On or before the
7 following January 1, the Tax Commissioner shall approve or deny the
8 request and, if approved, certify the corrected adjusted valuations
9 resulting from such action to the State Department of Education.

10 (6) On or before May 31 of the year following the certification of
11 adjusted valuation pursuant to subsection (2) of this section, any local
12 system or county official may file with the Tax Commissioner a written
13 request for a nonappealable correction of the adjusted valuation due to
14 changes to the tax list that change the assessed value of taxable
15 property. Upon the filing of the written request, the Tax Commissioner
16 shall require the county assessor to recertify the taxable valuation by
17 school district in the county on forms prescribed by the Tax
18 Commissioner. The recertified valuation shall be the valuation that was
19 certified on the tax list, pursuant to section 77-1613, increased or
20 decreased by changes to the tax list that change the assessed value of
21 taxable property in the school district in the county in the prior
22 assessment year. On or before the following July 31, the Tax Commissioner
23 shall approve or deny the request and, if approved, certify the corrected
24 adjusted valuations resulting from such action to the State Department of
25 Education.

26 (7) No injunction shall be granted restraining the distribution of
27 state aid based upon the adjusted valuations pursuant to this section.

28 (8) A school district whose state aid is to be calculated pursuant
29 to subsection (5) of this section and whose state aid payment is
30 postponed as a result of failure to calculate state aid pursuant to such
31 subsection may apply to the state board for lump-sum payment of such

1 postponed state aid. Such application may be for any amount up to one
2 hundred percent of the postponed state aid. The state board may grant the
3 entire amount applied for or any portion of such amount. The state board
4 shall notify the Director of Administrative Services of the amount of
5 funds to be paid in a lump sum and the reduced amount of the monthly
6 payments. The Director of Administrative Services shall, at the time of
7 the next state aid payment made pursuant to section 79-1022, draw a
8 warrant for the lump-sum amount from appropriated funds and forward such
9 warrant to the district.

10 Sec. 4. This act becomes operative on January 1, 2022.

11 Sec. 5. Original sections 77-201 and 77-5023, Reissue Revised
12 Statutes of Nebraska, and section 79-1016, Revised Statutes Cumulative
13 Supplement, 2020, are repealed.