

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SPECIAL SESSION

LEGISLATIVE BILL 75

Introduced by McDonnell, 5.

Read first time July 29, 2024

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 13-522 and 77-5007, Reissue Revised Statutes of Nebraska; and
3 section 77-4212, Revised Statutes Supplement, 2023, as amended by
4 Laws 2024, LB126, section 11; to adopt the Long-Term Owner Homestead
5 Exemption Act; to harmonize provisions; to provide an operative
6 date; and to repeal the original sections.

7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 7 of this act shall be known and may be
2 cited as the Long-Term Owner Homestead Exemption Act.

3 Sec. 2. For purposes of the Long-Term Owner Homestead Exemption
4 Act:

5 (1) Homestead has the same meaning as in section 77-3502;

6 (2) Owner has the same meaning as in section 77-3503; and

7 (3) Qualified owner means an owner who has owned a homestead or
8 homesteads in Nebraska for at least forty years as of January 1 of the
9 current assessment year and resides in a Nebraska homestead at such time.

10 Sec. 3. (1) Homesteads of qualified owners shall be assessed for
11 taxation the same as other property, except that such homesteads shall be
12 eligible to receive an exemption as follows: For purposes of any
13 political subdivision taxes, the homestead of a qualified owner shall be
14 valued at zero.

15 (2) A qualified owner may apply for a homestead exemption under this
16 section by submitting an application to the county assessor of the county
17 in which the homestead is located. Application shall be made on a form
18 prescribed by the Tax Commissioner.

19 (3) The county assessor shall examine each application filed under
20 this section. If the homestead qualifies for an exemption, the county
21 assessor shall (a) approve the application, (b) notify the qualified
22 owner of the approval, and (c) adjust the assessment rolls accordingly.

23 (4) Once a qualified owner has received approval under this section,
24 such owner shall only be required to file a subsequent application in
25 years evenly divisible by five.

26 Sec. 4. If a qualified owner who has received a homestead exemption
27 under the Long-Term Owner Homestead Exemption Act transfers ownership of
28 the homestead or changes the use of the homestead so that part or all of
29 that homestead no longer qualifies for exemption, the qualified owner
30 shall file a certified statement with the county assessor of the county
31 in which the homestead is located, notifying the county assessor of the

1 transfer or change of use not later than sixty days after the date of
2 such transfer or change.

3 Sec. 5. Any qualified owner who receives a homestead exemption
4 under the Long-Term Owner Homestead Exemption Act for any year shall be
5 ineligible to receive a homestead exemption under sections 77-3501 to
6 77-3529 for the same year.

7 Sec. 6. The county treasurer and county assessor shall, on or
8 before November 30 of each year, certify to the Tax Commissioner the
9 total tax revenue that will be lost to all political subdivisions within
10 the county from taxes levied and assessed in that year because of
11 exemptions allowed under the Long-Term Owner Homestead Exemption Act. The
12 Tax Commissioner shall, on or before January 1 next following such
13 certification, notify the Director of Administrative Services of the
14 amount so certified to be reimbursed by the state. Reimbursement of the
15 funds lost shall be made to each county according to the certification
16 and shall be distributed in six as nearly as possible equal monthly
17 payments on the last business day of each month beginning in January. The
18 Director of Administrative Services shall, on the last business day of
19 each month, issue payments by electronic funds transfer. Out of the
20 amount so received the county treasurer shall distribute to each of the
21 political subdivisions within his or her county the full amount so lost
22 by such political subdivision, except that one percent of such amount
23 shall be deposited in the county general fund. Each political subdivision
24 shall, in preparing its annual or biennial budget, take into account the
25 amount to be received under this section.

26 Sec. 7. The Tax Commissioner may adopt and promulgate rules and
27 regulations to carry out the Long-Term Owner Homestead Exemption Act.

28 Sec. 8. Section 13-522, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 13-522 The Auditor of Public Accounts shall prepare budget documents
31 to be submitted by governmental units which calculate the restricted

1 funds authority for each governmental unit. Each governmental unit shall
2 submit its calculated restricted funds authority with its budget
3 documents at the time the budgets are due to the Auditor of Public
4 Accounts. If the Auditor of Public Accounts determines from the budget
5 documents that a governmental unit is not complying with the budget
6 limits provided in sections 13-518 to 13-522, he or she shall notify the
7 governing body of his or her determination and notify the State Treasurer
8 of the noncompliance. The State Treasurer shall then suspend distribution
9 of state aid allocated to the governmental unit until such sections are
10 complied with. The funds shall be held for six months until the
11 governmental unit complies, and if the governmental unit complies within
12 the six-month period, it shall receive the suspended funds, but after six
13 months, if the governmental unit fails to comply, the suspended funds
14 shall be forfeited and shall be redistributed to other recipients of the
15 state aid or, in the case of homestead exemption reimbursement under
16 section 77-3523, returned to the General Fund.

17 Sec. 9. Section 77-4212, Revised Statutes Supplement, 2023, as
18 amended by Laws 2024, LB126, section 11, is amended to read:

19 77-4212 (1) For tax year 2007, the amount of relief granted under
20 the Property Tax Credit Act shall be one hundred five million dollars.
21 For tax year 2008, the amount of relief granted under the act shall be
22 one hundred fifteen million dollars. It is the intent of the Legislature
23 to fund the Property Tax Credit Act for tax years after tax year 2008
24 using available revenue. For tax year 2017, the amount of relief granted
25 under the act shall be two hundred twenty-four million dollars. For tax
26 year 2020 through tax year 2022, the minimum amount of relief granted
27 under the act shall be two hundred seventy-five million dollars. For tax
28 year 2023, the minimum amount of relief granted under the act shall be
29 three hundred sixty million dollars. For tax year 2024, the minimum
30 amount of relief granted under the act shall be three hundred ninety-five
31 million dollars. For tax year 2025, the minimum amount of relief granted

1 under the act shall be four hundred thirty million dollars. For tax year
2 2026, the minimum amount of relief granted under the act shall be four
3 hundred forty-five million dollars. For tax year 2027, the minimum amount
4 of relief granted under the act shall be four hundred sixty million
5 dollars. For tax year 2028, the minimum amount of relief granted under
6 the act shall be four hundred seventy-five million dollars. For tax year
7 2029, the minimum amount of relief granted under the act shall be the
8 minimum amount from the prior tax year plus a percentage increase equal
9 to the percentage increase, if any, in the total assessed value of all
10 real property in the state from the prior year to the current year, as
11 determined by the Department of Revenue, plus an additional seventy-five
12 million dollars. For tax year 2030 and each tax year thereafter, the
13 minimum amount of relief granted under the act shall be the minimum
14 amount from the prior tax year plus a percentage increase equal to the
15 percentage increase, if any, in the total assessed value of all real
16 property in the state from the prior year to the current year, as
17 determined by the Department of Revenue. If money is transferred or
18 credited to the Property Tax Credit Cash Fund pursuant to any other state
19 law, such amount shall be added to the minimum amount required under this
20 subsection when determining the total amount of relief granted under the
21 act. The relief shall be in the form of a property tax credit which
22 appears on the property tax statement.

23 (2)(a) For tax years prior to tax year 2017, to determine the amount
24 of the property tax credit, the county treasurer shall multiply the
25 amount disbursed to the county under subdivision (4)(a) of this section
26 by the ratio of the real property valuation of the parcel to the total
27 real property valuation in the county. The amount determined shall be the
28 property tax credit for the property.

29 (b) Beginning with tax year 2017, to determine the amount of the
30 property tax credit, the county treasurer shall multiply the amount
31 disbursed to the county under subdivision (4)(b) of this section by the

1 ratio of the credit allocation valuation of the parcel to the total
2 credit allocation valuation in the county. The amount determined shall be
3 the property tax credit for the property.

4 (3) If the real property owner qualifies for a homestead exemption
5 under sections 77-3501 to 77-3529 and section 3 of this act or the Long-
6 Term Owner Homestead Exemption Act, the owner shall also be qualified for
7 the relief provided in the Property Tax Credit Act ~~act~~ to the extent of
8 any remaining liability after calculation of the relief provided by the
9 homestead exemption. If the credit results in a property tax liability on
10 the homestead that is less than zero, the amount of the credit which
11 cannot be used by the taxpayer shall be returned to the Property Tax
12 Administrator by July 1 of the year the amount disbursed to the county
13 was disbursed. The Property Tax Administrator shall immediately credit
14 any funds returned under this subsection to the Property Tax Credit Cash
15 Fund. Upon the return of any funds under this subsection, the county
16 treasurer shall electronically file a report with the Property Tax
17 Administrator, on a form prescribed by the Tax Commissioner, indicating
18 the amount of funds distributed to each taxing unit in the county in the
19 year the funds were returned, any collection fee retained by the county
20 in such year, and the amount of unused credits returned.

21 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
22 each county shall be equal to the amount available for disbursement
23 determined under subsection (1) of this section multiplied by the ratio
24 of the real property valuation in the county to the real property
25 valuation in the state. By September 15, the Property Tax Administrator
26 shall determine the amount to be disbursed under this subdivision to each
27 county and certify such amounts to the State Treasurer and to each
28 county. The disbursements to the counties shall occur in two equal
29 payments, the first on or before January 31 and the second on or before
30 April 1. After retaining one percent of the receipts for costs, the
31 county treasurer shall allocate the remaining receipts to each taxing

1 unit levying taxes on taxable property in the tax district in which the
2 real property is located in the same proportion that the levy of such
3 taxing unit bears to the total levy on taxable property of all the taxing
4 units in the tax district in which the real property is located.

5 (b) Beginning with tax year 2017, the amount disbursed to each
6 county shall be equal to the amount available for disbursement determined
7 under subsection (1) of this section multiplied by the ratio of the
8 credit allocation valuation in the county to the credit allocation
9 valuation in the state. By September 15, the Property Tax Administrator
10 shall determine the amount to be disbursed under this subdivision to each
11 county and certify such amounts to the State Treasurer and to each
12 county. The disbursements to the counties shall occur in two equal
13 payments, the first on or before January 31 and the second on or before
14 April 1. After retaining one percent of the receipts for costs, the
15 county treasurer shall allocate the remaining receipts to each taxing
16 unit based on its share of the credits granted to all taxpayers in the
17 taxing unit.

18 (5) For purposes of this section, credit allocation valuation means
19 the taxable value for all real property except agricultural land and
20 horticultural land, one hundred twenty percent of taxable value for
21 agricultural land and horticultural land that is not subject to special
22 valuation, and one hundred twenty percent of taxable value for
23 agricultural land and horticultural land that is subject to special
24 valuation.

25 (6) The State Treasurer shall transfer from the General Fund to the
26 Property Tax Credit Cash Fund one hundred five million dollars by August
27 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

28 (7) The Legislature shall have the power to transfer funds from the
29 Property Tax Credit Cash Fund to the General Fund.

30 Sec. 10. Section 77-5007, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 77-5007 The commission has the power and duty to hear and determine
2 appeals of:

3 (1) Decisions of any county board of equalization equalizing the
4 value of individual tracts, lots, or parcels of real property so that all
5 real property is assessed uniformly and proportionately;

6 (2) Decisions of any county board of equalization granting or
7 denying tax-exempt status for real or personal property or an exemption
8 from motor vehicle taxes and fees;

9 (3) Decisions of the Tax Commissioner determining the taxable
10 property of a railroad company, car company, public service entity, or
11 air carrier within the state;

12 (4) Decisions of the Tax Commissioner determining adjusted valuation
13 pursuant to section 79-1016;

14 (5) Decisions of any county board of equalization on the valuation
15 of personal property or any penalties imposed under sections 77-1233.04
16 and 77-1233.06;

17 (6) Decisions of any county board of equalization on claims that a
18 levy is or is not for an unlawful or unnecessary purpose or in excess of
19 the requirements of the county;

20 (7) Decisions of any county board of equalization granting or
21 rejecting an application for a homestead exemption under sections 77-3501
22 to 77-3529;

23 (8) Decisions of the Department of Motor Vehicles determining the
24 taxable value of motor vehicles pursuant to section 60-3,188;

25 (9) Decisions of the Tax Commissioner made under section 77-1330;

26 (10) Any other decision of any county board of equalization;

27 (11) Any other decision of the Tax Commissioner regarding property
28 valuation, exemption, or taxation;

29 (12) Decisions of the Tax Commissioner pursuant to section 77-3520;

30 (13) Final decisions of a county board of equalization appealed by
31 the Tax Commissioner or Property Tax Administrator pursuant to section

1 77-701;

2 (14) Determinations of the Rent-Restricted Housing Projects
3 Valuation Committee regarding the capitalization rate to be used to value
4 rent-restricted housing projects pursuant to section 77-1333 or the
5 requirement under such section that an income-approach calculation be
6 used by county assessors to value rent-restricted housing projects;

7 (15) The requirement under section 77-1314 that the income approach,
8 including the use of a discounted cash-flow analysis, be used by county
9 assessors; and

10 (16) Any other decision, determination, action, or order from which
11 an appeal to the commission is authorized.

12 The commission has the power and duty to hear and grant or deny
13 relief on petitions.

14 Sec. 11. This act becomes operative on January 1, 2025.

15 Sec. 12. Original sections 13-522 and 77-5007, Reissue Revised
16 Statutes of Nebraska, and section 77-4212, Revised Statutes Supplement,
17 2023, as amended by Laws 2024, LB126, section 11, are repealed.