LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1061

Introduced by Heidemann, 1.

Read first time January 18, 2012

Committee:

A BILL

1	FOR AN ACT relating to revenue and taxation; to amend sections 77-201
2	and 77-5023, Reissue Revised Statutes of Nebraska, and
3	section 79-1016, Revised Statutes Cumulative Supplement,
4	2010; to change valuation of agricultural land and
5	horticultural land; to harmonize school aid provisions;
6	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

- 2 Nebraska, is amended to read:
- 3 77-201 (1) Except as provided in subsections (2) through
- 4 (4) of this section, all real property in this state, not expressly
- 5 exempt therefrom, shall be subject to taxation and shall be valued at
- 6 its actual value.
- 7 (2) Agricultural land and horticultural land as defined
- 8 in section 77-1359 shall constitute a separate and distinct class of
- 9 property for purposes of property taxation, shall be subject to
- 10 taxation, unless expressly exempt from taxation, and shall be valued
- 11 at seventy-five percent of its actual value, except for school
- 12 <u>district taxation purposes</u>, such land shall be valued at a percentage
- of its actual value determined from the table in subsection (6) of
- 14 this section.
- 15 (3) Agricultural land and horticultural land actively
- 16 devoted to agricultural or horticultural purposes which has value for
- 17 purposes other than agricultural or horticultural uses and which
- 18 meets the qualifications for special valuation under section 77-1344
- 19 shall constitute a separate and distinct class of property for
- 20 purposes of property taxation, shall be subject to taxation, and
- 21 shall be valued for taxation at seventy-five percent of its special
- 22 value as defined in section 77-1343, except for school district
- 23 taxation purposes, such land shall be valued at a percentage of its
- 24 special value as defined in section 77-1343 determined from the table
- 25 <u>in subsection (6) of this section</u>.

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1 (4) Historically significant real property which meets 2 the qualifications for historic rehabilitation valuation under 3 sections 77-1385 to 77-1394 shall be valued for taxation as provided 4 in such sections.

5 (5) Tangible personal property, not including motor 6 vehicles registered for operation on the highways of this state, 7 shall constitute a separate and distinct class of property for 8 purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued at its net book 9 10 value. Tangible personal property transferred as a gift or devise or as part of a transaction which is not a purchase shall be subject to 11 12 taxation based upon the date the property was acquired by the 13 previous owner and at the previous owner's Nebraska adjusted basis. 14 Tangible personal property acquired as replacement property for 15 converted property shall be subject to taxation based upon the date the converted property was acquired and at the Nebraska adjusted 16 basis of the converted property unless insurance proceeds are payable 17 by reason of the conversion. For purposes of this subsection, (a) 18 converted property means tangible personal property which is 19 20 compulsorily or involuntarily converted as a result of its 21 destruction in whole or in part, theft, seizure, requisition, or condemnation, or the threat or imminence thereof, and no gain or loss 22 23 is recognized for federal or state income tax purposes by the holder of the property as a result of the conversion and (b) replacement 24 property means tangible personal property acquired within two years 25

1 after the close of the calendar year in which tangible personal

- 2 property was converted and which is, except for date of construction
- 3 or manufacture, substantially the same as the converted property.
- 4 (6) The applicable percentage to be used for purposes of
- 5 subsections (2) and (3) of this section shall be determined from the
- 6 following table:

7	<u>Tax Year</u>	<u>Percentage</u>
8	2013	<u>73</u>
9	2014	<u>71</u>
10	2015	<u>69</u>
11	2016	<u>67</u>
12	2017 and after	<u>65</u>

- Sec. 2. Section 77-5023, Reissue Revised Statutes of
- 14 Nebraska, is amended to read:
- 15 77-5023 (1) Pursuant to section 77-5022, the commission
- 16 shall have the power to increase or decrease the value of a class or
- 17 subclass of real property in any county or taxing authority or of
- 18 real property valued by the state so that all classes or subclasses
- 19 of real property in all counties fall within an acceptable range.
- 20 (2) An acceptable range is the percentage of variation
- 21 from a standard for valuation as measured by an established indicator
- 22 of central tendency of assessment. Acceptable ranges are: (a) For
- 23 agricultural land and horticultural land as defined in section
- 24 77-1359, sixty-nine to seventy-five percent of actual value, except

1 for school district taxation purposes, a percentage range of actual

- 2 value determined pursuant to subsection (6) of this section; (b) for
- 3 lands receiving special valuation, sixty-nine to seventy-five percent
- 4 of special valuation as defined in section 77-1343, except for school
- 5 district taxation purposes, a percentage range of special valuation
- 6 as defined in section 77-1343 determined pursuant to subsection (6)
- 7 of this section; and (c) for all other real property, ninety-two to
- 8 one hundred percent of actual value.
- 9 (3) Any increase or decrease shall cause the level of
- 10 value determined by the commission to be at the midpoint of the
- 11 applicable acceptable range.
- 12 (4) Any decrease or increase to a subclass of property
- 13 shall also cause the level of value determined by the commission for
- 14 the class from which the subclass is drawn to be within the
- 15 applicable acceptable range.
- 16 (5) Whether or not the level of value determined by the
- 17 commission falls within an acceptable range or at the midpoint of an
- 18 acceptable range may be determined to a reasonable degree of
- 19 certainty relying upon generally accepted mass appraisal techniques.
- 20 <u>(6) The applicable percentage range to be used for</u>
- 21 purposes of subsection (2) of this section shall be determined from
- 22 <u>the following table:</u>
- 23 <u>Tax Year</u> <u>Percentage Range</u>
- 24 <u>2013</u> <u>67 to 73</u>
- 25 <u>2014</u> <u>65 to 71</u>

1 <u>2015</u> <u>63 to 69</u>

2 <u>2016</u> <u>61 to 67</u>

3 2017 and after 59 to 65

4 Sec. 3. Section 79-1016, Revised Statutes Cumulative

- 5 Supplement, 2010, is amended to read:
- 6 79-1016 (1) On or before August 25, the county assessor
- 7 shall certify to the Property Tax Administrator the total taxable
- 8 value by school district in the county for the current assessment
- 9 year on forms prescribed by the Tax Commissioner. The county assessor
- 10 may amend the filing for changes made to the taxable valuation of the
- 11 school district in the county if corrections or errors on the
- 12 original certification are discovered. Amendments shall be certified
- 13 to the Property Tax Administrator on or before September 30.
- 14 (2) On or before October 10, the Property Tax
- 15 Administrator shall compute and certify to the State Department of
- 16 Education the adjusted valuation for the current assessment year for
- 17 each class of property in each school district and each local system.
- 18 The adjusted valuation of property for each school district and each
- 19 local system, for purposes of determining state aid pursuant to the
- 20 Tax Equity and Educational Opportunities Support Act, shall reflect
- 21 as nearly as possible state aid value as defined in subsection (3) of
- 22 this section. The Property Tax Administrator shall notify each school
- 23 district and each local system of its adjusted valuation for the
- 24 current assessment year by class of property on or before October 10.
- 25 Establishment of the adjusted valuation shall be based on the taxable

value certified by the county assessor for each school district in 1 2 the county adjusted by the determination of the level of value for 3 each school district from an analysis of the comprehensive assessment 4 ratio study or other studies developed by the Property Tax 5 Administrator, in compliance with professionally accepted mass 6 appraisal techniques, as required by section 77-1327. The Tax 7 Commissioner shall adopt and promulgate rules and regulations setting 8 forth standards for the determination of level of value for state aid 9 purposes. (3) For purposes of this section, state aid value means: 10 11 (a) For real property other than agricultural and 12 horticultural land, ninety-six percent of actual value; (b) For agricultural and horticultural land, seventy-two 13 14 percent a percentage of actual value as provided in sections 77-1359 to-and 77-1363. For agricultural and horticultural land that receives 15 special valuation pursuant to section 77-1344, seventy two percent a 16 17 percentage of special valuation as defined in section 77-1343. The applicable percentage shall be determined from the following table: $\dot{\tau}$ 18 19 and 20 21 Tax Year Percentage 22 2013 70

68

66

23

24

2014

2015

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1 <u>2016</u> <u>64</u>

2 <u>2017 and after</u> <u>62</u>

3 (c) For personal property, the net book value as defined

4 in section 77-120.

7

5 (4) On or before November 10, any local system may file

6 with the Tax Commissioner written objections to the adjusted

valuations prepared by the Property Tax Administrator, stating the

8 reasons why such adjusted valuations are not the valuations required

9 by subsection (3) of this section. The Tax Commissioner shall fix a

10 time for a hearing. Either party shall be permitted to introduce any

11 evidence in reference thereto. On or before January 1, the Tax

12 Commissioner shall enter a written order modifying or declining to

13 modify, in whole or in part, the adjusted valuations and shall

14 certify the order to the State Department of Education. Modification

15 by the Tax Commissioner shall be based upon the evidence introduced

16 at hearing and shall not be limited to the modification requested in

17 the written objections or at hearing. A copy of the written order

18 shall be mailed to the local system within seven days after the date

19 of the order. The written order of the Tax Commissioner may be

20 appealed within thirty days after the date of the order to the Tax

21 Equalization and Review Commission in accordance with section

22 77-5013.

23 (5) On or before November 10, any local system or county

24 official may file with the Tax Commissioner a written request for a

25 nonappealable correction of the adjusted valuation due to clerical

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1 error as defined in section 77-128 or, for agricultural and

- 2 horticultural land, assessed value changes by reason of land
- 3 qualified or disqualified for special use valuation pursuant to
- 4 sections 77-1343 to 77-1347.01. On or before the following January 1,
- 5 the Tax Commissioner shall approve or deny the request and, if
- 6 approved, certify the corrected adjusted valuations resulting from
- 7 such action to the State Department of Education.
- 8 (6) On or before May 31 of the year following the 9 certification of adjusted valuation pursuant to subsection (2) of this section, any local system or county official may file with the 10 Tax Commissioner a written request for a nonappealable correction of 11 12 the adjusted valuation due to changes to the tax list that change the 13 assessed value of taxable property. Upon the filing of the written 14 request, the Tax Commissioner shall require the county assessor to 15 recertify the taxable valuation by school district in the county on 16 forms prescribed by the Tax Commissioner. The recertified valuation shall be the valuation that was certified on the tax list, pursuant 17 to section 77-1613, increased or decreased by changes to the tax list 18 that change the assessed value of taxable property in the school 19 20 district in the county in the prior assessment year. On or before the 21 following July 31, the Tax Commissioner shall approve or deny the request and, if approved, certify the corrected adjusted valuations 22
- 24 (7) No injunction shall be granted restraining the 25 distribution of state aid based upon the adjusted valuations pursuant

resulting from such action to the State Department of Education.

23

- 1 to this section.
- 2 (8) A school district whose state aid is to be calculated
- 3 pursuant to subsection (5) of this section and whose state aid
- 4 payment is postponed as a result of failure to calculate state aid
- 5 pursuant to such subsection may apply to the state board for lump-sum
- 6 payment of such postponed state aid. Such application may be for any
- 7 amount up to one hundred percent of the postponed state aid. The
- 8 state board may grant the entire amount applied for or any portion of
- 9 such amount. The state board shall notify the Director of
- 10 Administrative Services of the amount of funds to be paid in a lump
- 11 sum and the reduced amount of the monthly payments. The Director of
- 12 Administrative Services shall, at the time of the next state aid
- 13 payment made pursuant to section 79-1022, draw a warrant for the
- 14 lump-sum amount from appropriated funds and forward such warrant to
- 15 the district.
- 16 Sec. 4. This act becomes operative on January 1, 2013.
- 17 Sec. 5. Original sections 77-201 and 77-5023, Reissue
- 18 Revised Statutes of Nebraska, and section 79-1016, Revised Statutes
- 19 Cumulative Supplement, 2010, are repealed.