

# Constitution of Nebraska

## Article VIII: Revenue

**Sec 1. Revenue; raised by taxation; legislative powers.** The necessary revenue of the state and its governmental subdivisions shall be raised by taxation in such manner as the Legislature may direct. Notwithstanding Article I, section 16, Article III, section 18, or Article VIII, section 4, of this Constitution or any other provision of this Constitution to the contrary:

(1) Taxes shall be levied by valuation uniformly and proportionately upon all real property and franchises as defined by the Legislature except as otherwise provided in or permitted by this Constitution;

(2) tangible personal property, as defined by the Legislature, not exempted by this Constitution or by legislation, shall all be taxed at depreciated cost using the same depreciation method with reasonable class lives, as determined by the Legislature, or shall all be taxed by valuation uniformly and proportionately;

(3) the Legislature may provide for a different method of taxing motor vehicles and may also establish a separate class of motor vehicles consisting of those owned and held for resale by motor vehicle dealers which shall be taxed in the manner and to the extent provided by the Legislature and may also establish a separate class for trucks, trailers, semitrailers, trucktractors, or combinations thereof, consisting of those owned by residents and nonresidents of this state, and operating in interstate commerce, and may provide reciprocal and proportionate taxation of such vehicles. The tax proceeds from motor vehicles taxed in each county shall be allocated to the county and the cities, villages, and school districts of such county;

(4) the Legislature may provide that agricultural land and horticultural land, as defined by the Legislature, shall constitute a separate and distinct class of property for purposes of taxation and may provide for a different method of taxing agricultural land and horticultural land which results in values that are not uniform and proportionate with all other real property and franchises but which results in values that are uniform and proportionate upon all property within the class of agricultural land and horticultural land;

(5) the Legislature may enact laws to provide that the value of land actively devoted to agricultural or horticultural use shall for property tax purposes be that value which such land has for agricultural or horticultural use without regard to any value which such land might have for other purposes or uses;

(6) the Legislature may prescribe standards and methods for the determination of the value of real property at uniform and proportionate values;

(7) in furtherance of the purposes for which such a law of the United States has been adopted, whenever there exists a law of the United States which is intended to protect a specifically designated type, use, user, or owner of property or franchise from discriminatory state or local taxation, such property or franchise shall constitute a separate class of property or franchise under the laws of the State of Nebraska, and such property or franchise may not be taken into consideration in determining whether taxes are levied by valuation uniformly or proportionately upon any property or franchise, and the Legislature may enact laws which statutorily recognize such class and which tax or exempt from taxation such class of property or

franchise in such manner as it determines; and

(8) the Legislature may provide that livestock shall constitute a separate and distinct class of property for purposes of taxation and may further provide for reciprocal and proportionate taxation of livestock located in this state for only part of a year. Each actual property tax rate levied for a governmental subdivision shall be the same for all classes of taxed property and franchises. Taxes uniform as to class of property or the ownership or use thereof may be levied by valuation or otherwise upon classes of intangible property as the Legislature may determine, and such intangible property held in trust or otherwise for the purpose of funding pension, profit-sharing, or other employee benefit plans as defined by the Legislature may be declared exempt from taxation. Taxes other than property taxes may be authorized by law. Existing revenue laws shall continue in effect until changed by the Legislature.

**Source:** Neb. Const. art. IX, sec. 1 (1875); Amended 1920, Constitutional Convention, 1919-1920, No. 26; Transferred by Constitutional Convention, 1919-1920, art. VIII, sec. 1; Amended 1952, Laws 1951, c. 160, sec. 1, p. 636; Amended 1954, Laws 1954, Sixty-sixth Extraordinary Session, c. 3, sec. 1, p. 61; Amended 1960, Laws 1959, c. 238, sec. 1, p. 823; Amended 1964, Laws 1963, c. 298, sec. 1, p. 887; Amended 1964, Laws 1963, c. 301, sec. 1, p. 892; Amended 1972, Laws 1972, LB 837, sec. 1; Amended 1978, Laws 1978, First Spec. Sess., LR 1, sec. 1; Amended 1984, Laws 1984, First Spec. Sess., LR 7, sec. 1; Amended 1990, Laws 1989, LR 2, sec. 1; Amended 1992, Laws 1992, LR 219CA, sec. 1; Amended 1998, Laws 1998, LR 45CA, sec. 1.

**Sec. 1A Levy of property tax for state purposes; prohibition.** The state shall be prohibited from levying a property tax for state purposes.

**Source:** Neb. Const. art. VIII, sec. 1A (1954); Adopted 1954, Laws 1954, Sixty-sixth Extraordinary Session, c. 5, sec. 1, p. 65; Amended 1966, Initiative Measure No. 301.

**Sec. 1B. Income tax; may be based upon the laws of the United States.** When an income tax is adopted by the Legislature, the Legislature may adopt an income tax law based upon the laws of the United States.

**Source:** Neb. Const. art. VIII, sec. 1B (1966); Adopted 1966, Laws 1965, c. 292, sec. 1, p. 833.

**Sec. 2. Exemption of property from taxation; classification.** Notwithstanding Article I, section 16, Article III, section 18, or Article VIII, section 1 or 4, of this Constitution or any other provision of this Constitution to the contrary:

(1) The property of the state and its governmental subdivisions shall constitute a separate class of property and shall be exempt from taxation to the extent such property is used by the state or governmental subdivision for public purposes authorized to the state or governmental subdivision by this Constitution or the Legislature. To the extent such property is not used for the authorized public purposes, the Legislature may classify such property, exempt such classes, and impose or authorize some or all of such property to be subject to property taxes or payments in lieu of property taxes except as provided by law;

(2) the Legislature by general law may classify and exempt from taxation property owned by and used exclusively for agricultural and horticultural societies and property owned and used exclusively for educational, religious, charitable, or cemetery purposes, when such property is not owned or used for financial gain or profit to either the owner or user;

(3) household goods and personal effects, as defined by law, may be exempted from taxation in whole or in part, as may be provided by general law, and the Legislature may prescribe a formula for the determination of value of household goods and personal effects;

(4) the Legislature by general law may provide that the increased value of land by reason of shade or ornamental trees planted along the highway shall not be taken into account in the assessment of such land;

(5) the Legislature, by general law and upon any terms, conditions, and restrictions it prescribes, may provide that the increased value of real property resulting from improvements designed primarily for energy conservation may be exempt from taxation;

(6) the value of a home substantially contributed by the United States Department of Veterans Affairs for a paraplegic veteran or multiple amputee shall be exempt from taxation during the life of such veteran or until the death or remarriage of his or her surviving spouse;

(7) the Legislature may exempt from an intangible property tax life insurance and life insurance annuity contracts and any payment connected therewith and any right to pension or retirement payments;

(8) the Legislature may exempt inventory from taxation;

(9) the Legislature may define and classify personal property in such manner as it sees fit, whether by type, use, user, or owner, and may exempt any such class or classes of property from taxation if such exemption is reasonable or may exempt all personal property from taxation;

(10) no property shall be exempt from taxation except as permitted by or as provided in this Constitution; and

(11) the Legislature may by general law provide that a portion of the value of any residence actually occupied as a homestead by any classification of owners as determined by the Legislature shall be exempt from taxation.

(12) the Legislature may by general law, and upon any terms, conditions, and restrictions it prescribes, provide that the increased value of real property resulting from improvements designed primarily for the purpose of renovating, rehabilitating, or preserving historically significant real property may be, in whole or in part, exempt from taxation.

**Source:** Neb. Const. art. IX, sec. 2 (1875); Amended 1920, Constitutional Convention, 1919-1920, No. 27; Transferred by Constitutional Convention, 1919-1920, art. VIII, sec. 2; Amended 1954, Laws 1954, Sixty-sixth Extraordinary Session, c. 4, sec. 1, p. 63; Amended 1964, Laws 1963, c. 300, sec. 1, p. 890; Amended 1966, Laws 1965, c. 303, sec. 1, p. 854; Amended 1968, Laws 1967, c. 318, sec. 1, p. 850; Amended 1970, Laws 1969, c. 425, sec. 1, p. 1443; Amended 1980, Laws 1980, LB 740, sec. 1; Amended 1992, Laws 1992, LR 219CA, sec. 1; Amended 1998, Laws 1998, LR 45CA, sec. 3; Amended 2004, Laws 2003, LR 2CA, sec. 1.

### **Sec. 2A. Exemption of personal property in transit in licensed warehouses or storage areas.**

The Legislature may establish bonded and licensed warehouses or storage areas for goods, wares and merchandise in transit in the state which are intended for and which are shipped to final destinations outside this state upon leaving such warehouses or storage areas, and may exempt such goods, wares and merchandise from ad valorem taxation while in such storage areas.

**Source:** Neb. Const. art. VIII, sec. 2A (1960); Adopted 1960, Laws 1959, c. 239, sec. 1, p. 825.

### **Sec. 3. Redemption from sales of real estate for taxes.** The right of redemption from all sales

of real estate, for the non-payment of taxes or special assessments of any character whatever, shall exist in favor of owners and persons interested in such real estate, for a period of not less than two years from such sales thereof. PROVIDED, that occupants shall in all cases be served with personal notice before the time of redemption expires.

**Source:** Neb. Const. art. IX, sec. 3 (1875); Transferred by Constitutional Convention, 1919-1920, art. VIII, sec. 3.

**Sec. 4. Legislature has no power to remit taxes; exception; cancellation of taxes on land acquired by the state.** Except as to tax and assessment charges against real property remaining delinquent and unpaid for a period of fifteen years or longer, the Legislature shall have no power to release or discharge any county, city, township, town, or district whatever, or the inhabitants thereof, or any corporation, or the property therein, from their or its proportionate share of taxes to be levied for state purposes, or due any municipal corporation, nor shall commutation for such taxes be authorized in any form whatever; PROVIDED, that the Legislature may provide by law for the payment or cancellation of taxes or assessments against real estate remaining unpaid against real estate owned or acquired by the state or its governmental subdivisions.

**Source:** Neb. Const. art. IX, sec. 4 (1875); Transferred by Constitutional Convention, 1919-1920, art. VIII, sec. 4; Amended 1958, Laws 1957, c. 214, sec. 1, p. 750; Amended 1966, Laws 1965, c. 299, sec. 1, p. 845.

**Sec. 5. County taxes; limitation.** County authorities shall never assess taxes the aggregate of which shall exceed fifty cents per one hundred dollars of taxable value as determined by the assessment rolls, except for the payment of indebtedness existing at the adoption hereof, unless authorized by a vote of the people of the county.

**Source:** Neb. Const. art. IX, sec. 5 (1875); Amended 1920, Constitutional Convention, 1919-1920, No. 28; Transferred by Constitutional Convention, 1919-1920, art. VIII, sec. 5; Amended 1992, Laws 1992, LR 219CA, sec. 1.

**Sec. 6. Local improvements of cities, towns and villages.** The Legislature may vest the corporate authorities of cities, towns and villages, with power to make local improvements, including facilities for providing off-street parking for vehicles, by special assessments or by special taxation of property benefited, and to redetermine and reallocate from time to time the benefits arising from the acquisition of such off-street parking facilities, and the Legislature may vest the corporate authorities of cities and villages with power to levy special assessments for the maintenance, repair and reconstruction of such off-street parking facilities. For all other corporate purposes, all municipal corporations may be vested with authority to assess and collect taxes, but such taxes shall be uniform in respect to persons and property within the jurisdiction of the body imposing the same, except that cities and villages may be empowered by the Legislature to assess and collect separate and additional taxes within off-street parking districts created by and within any city or village on such terms as the Legislature may prescribe.

**Source:** Neb. Const. art. IX, sec. 6 (1875); Transferred by Constitutional Convention, 1919-1920, art. VIII, sec. 6; Amended 1972, Laws 1972, LB 1429, sec. 1.

**Sec. 7. Private property not liable for corporate debts; municipalities and inhabitants exempt for corporate purposes.** Private property shall not be liable to be taken or sold for the

payment of the corporate debts of municipal corporations. The Legislature shall not impose taxes upon municipal corporations, or the inhabitants or property thereof, for corporate purposes.

**Source:** Neb. Const. art. IX, sec. 7 (1875); Transferred by Constitutional Convention, 1919-1920, art. VIII, sec. 7.

**Sec. 8. Funding indebtedness; warrants.** The Legislature at its first session shall provide by law for the funding of all outstanding warrants, and other indebtedness of the state, at a rate of interest not exceeding eight per cent per annum.

**Source:** Neb. Const. art. IX, sec. 8 (1875); Transferred by Constitutional Convention, 1919-1920, art. VIII, sec. 8.

**Sec. 9. Claims upon treasury; adjustment; approval; appeal.** The Legislature shall provide by law that all claims upon the treasury shall be examined and adjusted as the Legislature may provide before any warrant for the amount allowed shall be drawn. Any party aggrieved by the action taken on a claim in which he has an interest may appeal to the district court.

**Source:** Neb. Const. art. IX, sec. 9 (1875); Transferred by Constitutional Convention, 1919-1920, art. VIII, sec. 9; Amended 1964, Laws 1963, c. 302, sec. 2(3), p. 896.

**Sec. 10. Taxation of grain and seed; alternative basis permitted.** Notwithstanding the other provisions of Article VIII, the Legislature is authorized to substitute a basis other than valuation for taxes upon grain and seed produced or handled in this state. Existing revenue laws not inconsistent with the Constitution shall continue in effect until changed by the Legislature.

**Source:** Neb. Const. art. VIII, sec. 10 (1956); Adopted 1956, Laws 1955, c. 197, sec. 1, p. 562.

**Sec. 11. Public corporations and political subdivisions providing electricity; payment in lieu of taxes.** Every public corporation and political subdivision organized primarily to provide electricity or irrigation and electricity shall annually make the same payments in lieu of taxes as it made in 1957, which payments shall be allocated in the same proportion to the same public bodies or their successors as they were in 1957.

The legislature may require each such public corporation to pay to the treasurer of any county in which may be located any incorporated city or village, within the limits of which such public corporation sells electricity at retail, a sum equivalent to five (5) per cent of the annual gross revenue of such public corporation derived from retail sales of electricity within such city or village, less an amount equivalent to the 1957 payments in lieu of taxes made by such public corporation with respect to property or operations in any such city or village. The payments in lieu of tax as made in 1957, together with any payments made as authorized in this section shall be in lieu of all other taxes, payments in lieu of taxes, franchise payments, occupation and excise taxes, but shall not be in lieu of motor vehicle licenses and wheel taxes, permit fees, gasoline tax and other such excise taxes or general sales taxes levied against the public generally.

So much of such five (5) per cent as is in excess of an amount equivalent to the amount paid by such public corporation in lieu of taxes in 1957 shall be distributed in each year to the city or village, the school districts located in such city or village, the county in which such city or village is located, and the State of Nebraska, in the proportion that their respective property tax mill levies in each such year bear to the total of such mill levies.

**Source:** Neb. Const. art. VIII, sec. 11 (1958); Adopted 1958, Initiative Measure No. 300, art. VIII, sec. 10. Note: At the general election in 1958, an amendment was adopted pursuant to initiative petition providing for payment in lieu of taxes by public corporations and political subdivisions supplying electricity. This amendment stated it was to amend Article VIII by adding a new section. The figure 10 was shown at the beginning of the new section to be added. There was already an amendment to the Constitution adopted in 1956 designated as Article VIII, section 10. Therefore, the 1958 amendment has been designated as Article VIII, section 11.

**Sec. 12. Cities or villages; redevelopment project; substandard and blighted property; incur indebtedness; taxes; how treated.** For the purpose of rehabilitating, acquiring, or redeveloping substandard and blighted property in a redevelopment project as determined by law, any city or village of the state may, notwithstanding any other provision in the Constitution, and without regard to charter limitations and restrictions, incur indebtedness, whether by bond, loans, notes, advance of money, or otherwise. Notwithstanding any other provision in the Constitution or a local charter, such cities or villages may also pledge for and apply to the payment of the principal, interest, and any premium on such indebtedness all taxes levied by all taxing bodies, which taxes shall be at such rate for a period not to exceed fifteen years, on the assessed valuation of the property in the project area portion of a designated blighted and substandard area that is in excess of the assessed valuation of such property for the year prior to such rehabilitation, acquisition, or redevelopment.

When such indebtedness and the interest thereon have been paid in full, such property thereafter shall be taxed as is other property in the respective taxing jurisdictions and such taxes applied as all other taxes of the respective taxing bodies.

**Source:** Neb. Const. art. VIII, sec. 12 (1978); Adopted 1978, Laws 1978, LB 469, sec. 1; Amended 1984, Laws 1984, LR 227, sec. 1; Amended 1988, Laws 1987, LR 11, sec. 1.

**Sec. 13. Revenue laws and legislative acts; how construed.** Notwithstanding Article I, section 16, Article III, section 18, or Article VIII, section 1 or 4, of this Constitution or any other provision of this Constitution to the contrary, amendments to Article VIII of this Constitution passed in 1992 shall be effective from and after January 1, 1992, and existing revenue laws and legislative acts passed in the regular legislative session of 1992, not inconsistent with this Constitution as amended, shall be considered ratified and confirmed by such amendments without the need for legislative reenactment of such laws.

**Source:** Neb. Const. art. VIII, sec. 13 (1992); Adopted 1992, Laws 1992, LR 219CA, sec. 1.