



**2007**  
**Annual Report**

**Nebraska Department of Revenue**  
**Property Assessment Division**



**STATE OF NEBRASKA**  
**DEPARTMENT OF REVENUE**  
**PROPERTY ASSESSMENT DIVISION**

**2007 ANNUAL REPORT**

**PREFACE**

This is the **ninth** annual report published for the Property Assessment Division (PAD), pursuant to Neb. Rev. Stat. §77-709. Effective July 1, 2007, the Property Assessment Division merged with the Department of Revenue. For years 1999 through 2006, the Property Assessment Division published this annual report as the Department of Property Assessment and Taxation. For years prior to 1999, property tax data is available in the Department of Revenue's Annual Reports.

The purpose of this annual report is to provide interested citizens with pertinent information about property valuations, tax rates, and taxes levied for local governments. The annual report focuses on summary information for the current tax year and also provides historic data for the state.

The information contained in this annual report should be viewed as a source material. Although every attempt for accuracy is made, this report should not be viewed as a substitute for independent research or legal document in place of an attorney's opinion.

A sincere thank you is extended to all Nebraska assessors for their efforts in reporting data which serves as the basis for much of this annual report.

The Property Assessment Division appreciates any comments that you may have regarding the format, content and usefulness of the information in this annual report.

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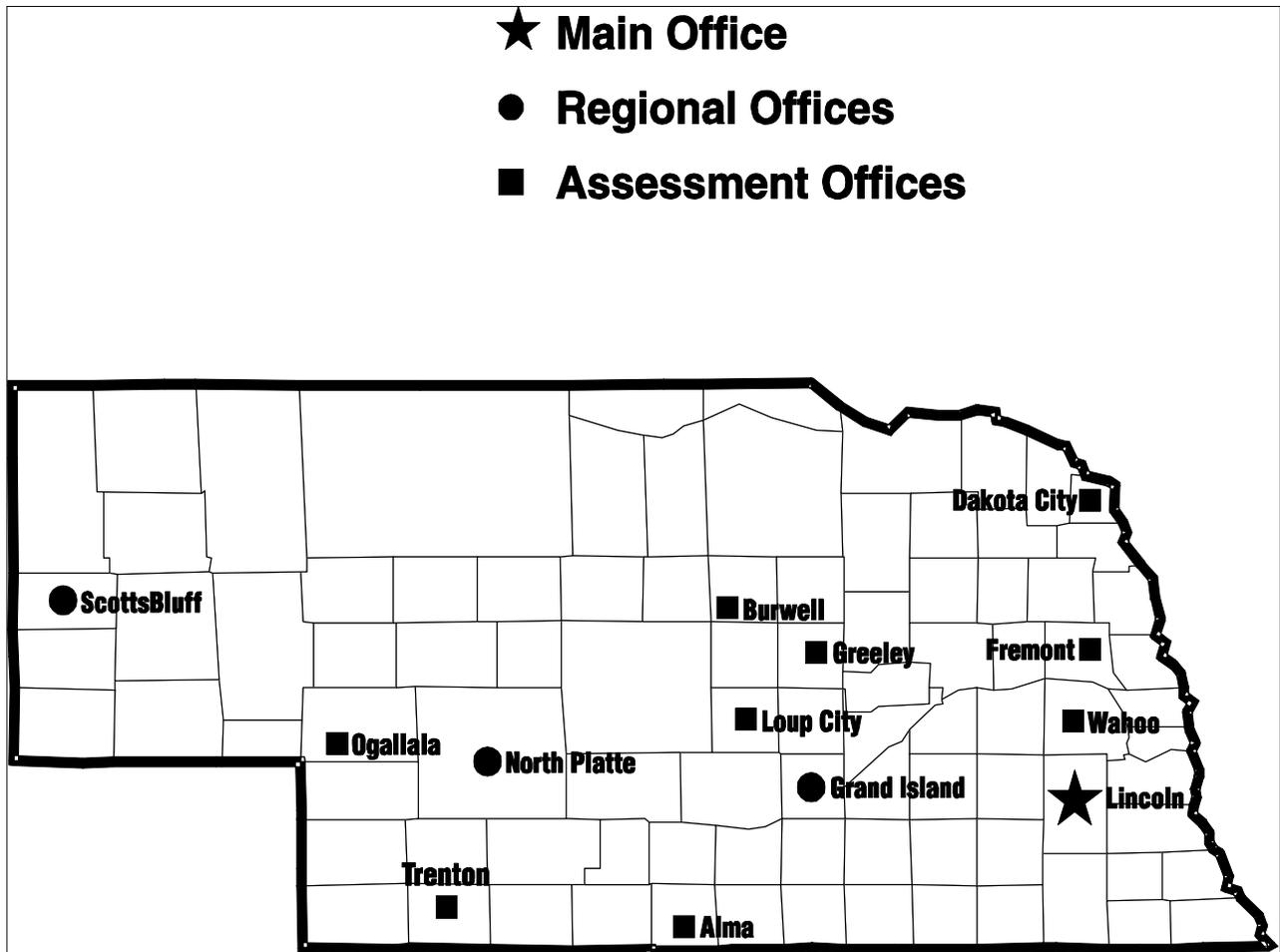
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## **Purpose of the Property Assessment Division**

The purpose of the Nebraska Department of Revenue Property Assessment Division (Division)<sup>1</sup> is to develop information, in various formats, that assists the administrators, payers and beneficiaries of the property taxes to make informed decisions concerning the quality of the assessment function of the property tax system in Nebraska. Beginning on July 1, 1998, the assessment function in several counties in Nebraska was assumed by the Division.

The Division, directed by the Property Tax Administrator<sup>2</sup>, is statutorily created and governed by the Nebraska Constitution and statutes. Its functions include, but are not limited to, the following:

- To provide legal, policy and assessment information through regulations, rulings, directives, standards, manuals, and education, to the county assessors and other assessing officers to ensure the uniform execution of the property tax laws<sup>3</sup>.
- To administer the assessment function in counties which have transferred that responsibility to the Property Tax Administrator<sup>4</sup>.
- To provide advice concerning the assessment of real property to ensure the uniform and proportionate valuation of real property<sup>5</sup>.
- To provide information to the property owner concerning the level of value and quality of the assessment of real property in each county<sup>6</sup>.
- To determine the assessable valuation of all taxable property in each school district for purposes of the Tax Equity and Educational Opportunities Support Act<sup>7</sup>.
- To value and distribute the value of property required to be valued by the state, such as railroad companies, public service entities, car companies, and air carriers<sup>8</sup>.
- To administer the assessment administrative program for contracted counties<sup>9</sup>.
- To determine the appraised value for the public sale of educational lands.<sup>10</sup>
- To determine the eligibility for exemption of certain personal property subject to compliance with the Employment and Investment Growth Act and the Nebraska Advantage Act.<sup>11</sup>

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<sup>1</sup> Neb. Rev. Stat. §77-701.

<sup>2</sup> Neb. Rev. Stat. §§77-701 and 77-702.

<sup>3</sup> Neb. Rev. Stat. §77-1330.

<sup>4</sup> Neb. Rev. Stat. §§77-1340 to 77-1340.03.

<sup>5</sup> Neb. Rev. Stat. §77-702 (2).

<sup>6</sup> Neb. Rev. Stat. §77-1327.

<sup>7</sup> Neb. Rev. Stat. §§79-1001 and 79-1016.

<sup>8</sup> Neb. Rev. Stat. §§77-600's, 77-800's, and 77-1244 to 77-1250.05.

<sup>9</sup> Neb. Rev. Stat. §77-1331.

<sup>10</sup> Neb. Rev. Stat. §72-258.03.

<sup>11</sup> Neb. Rev. Stat. §§77-4101, 77-4105, 77-5701, and 77-5725

## **Sections within the Property Assessment Division**

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### **Property Tax Administrator**

The Property Tax Administrator is the chief executive officer of the Property Assessment Division of the Department of Revenue. The qualifications and duties of the Property Tax Administrator are established by statute, see Neb. Rev. Stat. §77-701 and §77-702. The Property Tax Administrator is appointed by the Governor, with the approval of a majority of the members of the Legislature, and serves under the general supervision of the Tax Commissioner.

### **Administration**

The Administration Section is responsible for management of the support functions of the Division such as budget, accounting, and personnel, and performs general office administration for all sections.

### **Policy/Legal**

The Policy/Legal Section is responsible for all legal matters for the Division. The Division currently has one attorney to serve all legal functions. Additionally, the Division has Associates that provide policy functions such as legislation, regulations, correspondence, coordination of education for assessor's certification, and promulgation of the Nebraska Assessor Reference Manual, information guides/brochures, and other associated duties. This Section is responsible for specific statutory duties, including: valuation of state assessed property (railroad companies, public service entities, car companies and air carriers); distribution of car company and air carrier taxes; creation of the Tax Increment Financing Annual Report; determination of the appraised value for the public sale of educational lands; determination of the eligibility for exemption of certain personal property subject to compliance with the Employment and Investment Growth Act and Nebraska Advantage Act; annual certification of school adjusted valuation used in state aid calculations; administrative reports filed by counties for data collection of valuation and property tax information; and preparation of this Annual Report.

### **Information Technology**

The Information Technology Section is responsible for the Division's personal computer environment and providing advice and assistance to all Division staff on the utilization of the programs used by the Division. This section includes the Division's data entry staff which performs support functions to all sections. Currently, this Section's staff troubleshoots all technology issues and administers the GIS – Geographic Information Systems and associated data bases, e.g. maps with pertinent characteristics that impact valuation, taxation, equalization, etc. This staff is also responsible for the administration of the computer software program for the Property Tax Administrative System/Computer Assisted Mass Appraisal (PTAS/CAMA) and to

provide specific support functions to users of the computer software program that the Division provides to its assessment offices and contracted counties.

## **Measurement**

The Measurement Section is responsible for ascertaining the level of value and quality of assessment of all real property in each county. This Section works directly with county officials and provides advice and guidance on all issues of the assessment process, with particular focus on the assessment of real property. This Section develops the sales file that is used throughout the assessment process, including: determining the adjusted valuation for school districts; information for the Reports and Opinions of the Property Tax Administrator provided to the Tax Equalization and Review Commission; and, valuation information for use by the county assessors. The sales file is a statutorily required database containing sales of real property for use in valuation and measurement. The employees in this Section, Field Liaisons, are located throughout the state, so that they are experienced in the area of their work and are readily available for assistance to the counties that they serve. The Field Liaisons work with the county assessors on analysis of sales information and assessment practices and procedures.

## **Assessment**

The Assessment Section is responsible for performing the assessment function in counties where the assessment function has been assumed. These functions include management of the assessment office in each county and the appraisal of all real property in each county. Currently, the assessment function in the following nine counties has been assumed: Dakota, Dodge, Garfield, Greeley, Harlan, Hitchcock, Keith, Saunders and Sherman. While the process for managing the assessment office is fairly unchanged as a result of the state assumption, the Division's philosophy regarding the appraisal function is different from that of an individual county. The Division has an appraisal staff that is shared among the counties that are assumed. Sharing these resources allows for a more efficient allocation of resources. While some of the counties are large and active enough to justify their own appraiser or appraisers, some of the counties are small enough to share appraisal staff if they are located close to one another.

## **Property Tax History**

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Since the beginning of Nebraska's statehood, property tax was a major source of state and local operating revenue. This tax was initially adopted by the Territorial Legislature in 1857. The growing need for public services and changes in economic structure caused property taxes to steadily increase. This in turn prompted the necessity for relieving property taxes and providing new sources of revenue.

In November 1966, approval of a constitutional amendment abolished "state" property taxes. Also, the Legislature repealed the head and poll taxes, the tax on intangible property, the tax on household goods, and certain miscellaneous personal property taxes. In order to replace lost revenues, the Legislature adopted two broad-based taxes in the Revenue Act of 1967: the state sales and use tax and the income tax. In addition to replacing lost state revenue, a portion of the sales and income tax monies were designated to finance state aid programs. At that time, \$35 million was designated annually for aid to school districts. An additional \$10 million each year was distributed to cities and counties to replace lost revenues due to the elimination of intangible property, household goods, and personal effects from the property tax base.

In 1969, the Homestead Exemption Act was passed to provide property tax relief to owners of residential property. It provided for an exemption of \$800 of actual value for residences valued at \$4,000 or more. At that time, it involved about \$3.5 million annually. The homestead exemption benefits have been changed over the years and currently provide for an exemption of all or part of real property taxes, for individuals over 65 with limited income, veterans, and individuals with certain disabilities. Additionally, approximately, \$1.5 million was appropriated for public and junior colleges.

Since 1967, "local" units of government have exclusively levied property taxes. In 2007, Nebraska's local governments levied approximately \$2.581 billion in property taxes. In addition, for fiscal year 2007-2008, there is approximately \$1.288 billion in local tax relief (state aid) appropriated for local governments (see statistical Table 3B & 3C).

Over the years, the property tax structure in Nebraska has changed as the Legislature attempted to address various economic concerns. Property tax remains primarily a tax on real property, but changes have been made in the classification of property, as well as the level of assessment at which property is taxed. Nebraska's constitution, Article VIII, Section 1, requires uniformity and proportionality both as to the rate and the valuation.

Social and economic trends continue to impact Nebraska citizens' views on all taxes and state aid programs. Meanwhile, the payers and recipients of taxes share in the benefits of public schools, roads, law enforcement, and a number of other public facilities and programs.

## **Summary of Legal/Legislative Actions**

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### **General Overview:**

The Nebraska Constitution, Article VIII, sets out the general principles upon which the property tax system is built. Specifically, section 1, subsection (1), states, “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.” The Constitution further defines different principles for real property and personal property and provides for exemptions and preferential valuations.

### **Real Property:**

Nebraska Constitution Article VIII, section 1, subsection (1), directs that the property taxes imposed on real property shall be based upon valuations that are uniform and proportionate. However, for agricultural and horticultural land, section 1, subsection (4), provides that valuations need not be uniform and proportionate with other classes of real property, but must be uniform and proportionate upon all property within the class of agricultural and horticultural land. Classification changes are addressed in the following sections for agricultural and horticultural land and personal property. Over time, changes have also been made in the level of assessment at which property is taxed, as follows:

- a) 1920 and prior years, property was assessed at 20 percent of its actual value;
- b) 1921 to 1952, property was assessed at its actual value;
- c) 1953 to 1955 property was assessed at 50 percent of its actual value;
- d) 1956 and 1957 property was assessed at 50 percent of its base value;
- e) 1958 to 1980 property was assessed at 35 percent of its actual value;
- f) 1981 to 1991 property was assessed at 100 percent of actual value;
- g) 1992 to 2006 property was assessed at 100 percent of actual value, with the exception of agricultural and horticultural land which was assessed at 80 percent of actual value;
- h) 2007 agricultural and horticultural land is assessed at 75 percent of actual value.

### **Agricultural and Horticultural Land:**

1972: Constitutional amendment, Article VIII, section 1, subsection (5); Legislature is authorized to enact laws providing for the valuation of land actively devoted to agricultural or horticultural uses based on its agricultural or horticultural use without regard for other purposes and uses. Subsequently, the Legislature authorized special valuation.

1984: *Kearney Convention Center v. Board of Equal.*, 216 Neb. 292, 344 N.W.2d 620 (1984). Commercial property owners requested that their valuation be equalized with agricultural land which was assessed at a lower level of value.

1984: Constitutional amendment, Article VIII, section 1, subsection (4); agricultural land is defined as a separate and distinct class and authorized the use of any different approach to value agricultural land.

1986: The Legislature adopted a method to value agricultural land according to a formula based on earning capacity (LB 271 1985). Income streams were averaged by county and the

capitalization rate was fixed in statute. Earning capacity is not similar to the income approach to value as used in professionally accepted appraisal practices.

1987: *Banner County v. State Bd. of Equal.*, 226 Neb. 236, 411 N.W.2d 35 (1987). While the constitution stated that agricultural land was a separate and distinct class of property, the constitution still required that all real and tangible personal property values be uniform and proportionate. Using the earning capacity formula to value agricultural land would have been allowable if the resulting values had been correlated to be proportionate with all other real and tangible personal property.

1989: Legislation was passed to change the assessment of agricultural and horticultural land so that the results could be adjusted to be uniform across county lines (LB 361).

1990: Constitutional amendment; agricultural land defined as a separate class of real property and removed from the uniform and proportionate clause, meaning that it need not be uniform and proportionate with OTHER CLASSES of property. However, the values of agricultural land must be uniform and proportionate within the class of agricultural land.

1991: In response to *Banner County v. State Bd. of Equal.*, the Legislature passed LB 404, which froze agricultural and horticultural values for tax year 1991 at the 1990 value, to give time to respond to the case. The Legislature also passed LB 320, effective for 1992, which changed the assessment of agricultural land so that the capitalization rate used to set value is market derived. The capitalization rate was increased 25 percent so that the resulting values from the income calculation correlate to 80 percent of market value.

1992: The Legislature requires that agricultural land be valued at 80 percent of actual or market value. All other real property is valued at 100 percent of actual or market value.

2000: *Bartlett v. Dawes County Board of Equal.*, 259 Neb 954, 513 N.W.2d 810 (2000). Supreme Court ruled that the Tax Equalization & Review Commission could not adjust by market area to achieve inter-county equalization because market areas were not defined as a class or subclass under the statutes.

2001: In response to the Bartlett case, the Legislature provided for a definition of class or subclass of real property as a group of properties that share characteristics not shared by those outside the class or subclass. The classification may be based on parcel use, parcel type, location, geographic characteristics, zoning, city size, parcel size, and market characteristics that affect market value.

2002: Legislation was passed requiring the Property Tax Administrator to prepare and issue a comprehensive study to determine the level of value of agricultural and horticultural land that is receiving special valuation.

2005: LB 261 passed which eliminated the agricultural and horticultural land valuations boards and the land manual areas beginning January 1, 2006.

2006: LB 808 modified the special valuation (greenbelt) provisions of Nebraska law and made a number of procedural changes, effective January 1, 2007. Generally, the changes narrowed the availability of special value, but the bill also eliminated agricultural zoning as a requirement for special value and phased out the requirements of recapture over three years.

Under LB 808, agricultural and horticultural land means that an entire parcel must be primarily used for agricultural or horticultural purposes. Agricultural or horticultural purposes means used for the commercial production of any plant or animal product in a raw or unprocessed state that is derived from the science and art of agriculture, aquaculture, or horticulture.

2006: LB 968 decreased the assessment percentage for agricultural and horticultural land from 80 percent to 75 percent of actual value beginning January 1, 2007.

### **Personal Property:**

1967: After the November 1966 vote which changed the Constitution, the Legislature repealed the head and poll taxes, exempted household goods, clothing and other personal items, and exempted intangible personal property such as stocks, bonds and certificates of deposit.

1970: Constitutional amendment; voters give approval to the Legislature to classify and exempt personal property.

1972-1974: The Legislature partially exempted from taxation agricultural income-producing machinery and equipment; business inventory; livestock; grain and seed; and poultry, fish and fur-bearing animals. The Legislature provided for a 12.5 percent exemption of actual value for calendar year 1973. The exemption increased by 12.5 percent each year until a total of 62.5 percent was exempt in 1977. Political subdivisions were reimbursed for the tax revenue loss resulting from these exemptions. In 1974, the Nebraska Supreme Court ruled that personal property tax exemptions were constitutional.

1977-1981: The Legislature completely exempted from taxation the classes of personal property that had been partially exempted except business inventory and livestock were fully exempted in calendar year 1978. The Legislature appropriated \$58.6 million as Personal Property Relief to reimburse local governments for the losses resulting from these exemptions. Business inventories became totally exempt for calendar year 1979 and a reimbursement of \$62.2 million was appropriated for fiscal year 1979-1980. Livestock became totally exempt in calendar year 1980 and a reimbursement of \$70 million was appropriated for fiscal year 1980-1981.

1982: The Legislature eliminated the Personal Property Tax Relief and the Government Subdivision Fund. LB 816 provided for the distribution of aid to community colleges, natural resource districts, incorporated municipalities, counties, and for aid to school districts from the School Foundation and Equalization Fund.

1986: Car line companies began requesting that their personal property be equalized with all personal property. Citing protection under the 1976 Federal Railroad Revitalization and Regulatory Reform Act (Federal 4-R Act), the car line companies argued that since much of the personal property in Nebraska was exempted from taxation by the Legislature (inventory, agricultural machinery and equipment, earth-moving equipment, etc.), therefore their personal property was being taxed to a greater degree than other personal property in Nebraska. Based upon the Federal 4-R Act, the Federal District Court ruled that the Nebraska property tax on personal property of car companies violated the Federal 4-R Act. The State was prohibited from collecting property tax on car companies.

1987: Railroads filed suit against Nebraska arguing that the property tax on railroad personal property violated the Federal 4-R Act. The litigation was settled in 1989, resulting in the railroad companies paying tax on 25 percent of their value attributed to personal property for 1987, 1988, and 1989.

1988: LB 1091 created a one-time appropriation to reimburse local governments for any losses attributable to the railroad's Federal 4-R Act litigation that exceeded one percent of expected property tax dollars. After line item vetoes and partial overrides, the amount appropriated to the fund from the Cash Reserve Fund totaled \$7.7 million.

1988-1990: Following the railroads, other centrally assessed companies such as pipelines, telecommunications, and airlines appealed to the State Board of Equalization requesting equalization of their personal property with the exempt property of car companies and railroads. The companies were denied by the State Board and appealed to the Nebraska Supreme Court based on the Nebraska constitutional requirement of uniform and proportionate values for the levy of property taxes.

1989: The Nebraska Supreme Court ruled in favor of four pipeline companies for the 1988 tax year, and the State Board equalized their personal property value to zero. In July 1991, the Nebraska Supreme Court ruled on the tax year 1989 equalization requests of centrally assessed companies. The court found that equalization was not an appropriate remedy. All previous personal property exemptions were declared unconstitutional, effectively overturning the 1974 decision allowing personal property exemptions. As a result of the court's decision on the 1989 cases the State Board reduced the 1990 certified values of the appealing centrally assessed companies by 18.81 percent.

1991: LB 829 exempted all personal property from property tax for 1991 only and reimbursed local governments for the loss using a series of revenue-raising proposals including a depreciation surcharge, a temporary reduction in the sales tax collection fee, extending the sales tax to manufacturing energy, and a one-year increase in the corporate occupation tax. The total cost was \$120 million.

1992: Constitutional amendment LR 219CA was adopted and removed personal property from the uniform and proportionate clause of the constitution. It authorized personal property to be either taxed on actual value or net book value while allowing reasonable classifications to be exempt, and set apart a classification for the properties of entities that are protected by federal law, such as railroads. The Legislature passed LB 1063 and the "net-book" concept of taxing depreciable tangible personal property was adopted, rather than taxing personal property based on actual value.

1993: The Nebraska Supreme Court ruled on the appeal of the State Board of Equalization and Assessment's action which reduced the 1990 certified values of the appealing centrally assessed companies by 18.81 percent. The court upheld the State Board of Equalization's remedy which was to refund the difference in tax the appellants would have been required to pay if all of the exempt property in question had been placed on the tax rolls and taxed.

1994: The legislature exempted livestock from the personal property tax.

2005: LB 312 Nebraska Advantage Act was passed, providing new economic development incentives and replaced legislation passed nearly 20 years ago (LB 775). Benefits include sales tax exemption of manufacturing machinery and equipment, income tax credits, and exemption of personal property tax for an investment of at least \$10 million and the hiring of at least 100 new employees. Eligible personal property includes certain aircraft, main frame business computers for business information processing, depreciable personal property used for distribution facilities to store or move products, and depreciable personal property in a single project if the personal property is involved directly in the manufacture or processing of agricultural products.

2007: LB 334 modified definitions to specifically exclude trade fixtures from the definition of real property and include trade fixtures within the definition of personal property.

### **Other Property “Assessment Structure” Changes:**

1996: The property assessment calendar was changed so that statewide equalization is completed first in the process and then property valuation notices are sent to individuals. An individual may then protest his or her property valuation to the county board of equalization (LB 452 1995).

1996: The Tax Equalization and Review Commission replaced the State Board of Equalization and Assessment in the equalization of property valuations. In addition to its constitutional statewide equalization duties, the Commission replaced the district court for the purpose of hearing individual appeals from decisions of the Property Tax Administrator, Department of Motor Vehicles, or the county board of equalization involving the valuation and taxation of property. Commissioners are appointed by the Governor and serve six-year terms (LB 452 1995).

1996: For purposes of the Tax Equalization and Review Commission’s statewide equalization of real property, the Legislature established acceptable ranges for the level of value for each class of property. The acceptable ranges for the level of value are 74 to 80 percent of actual value for agricultural land and 92 to 100 percent for all other real property (LB 452 1995).

1996: The Property Tax Administrator position was created to oversee the Property Tax Division of the Department of Revenue. The powers and duties of the State Tax Commissioner relating to valuation and taxation of property were transferred to the Property Tax Administrator. The Property Tax Administrator is appointed by the Governor and approved by the Legislature to serve a six-year term (LB 452 1995).

1998: Beginning July 1, 1998, a county board may vote by resolution to have the Property Tax Administrator assume the county assessment function. The state would become fiscally responsible for the assessment functions in that county. County assessor and employees of the assessor’s office in those counties become state employees. Currently, 9 out of 93 counties have turned the assessment function over to the state.

1998: LR 45CA placed four separate constitutional amendments on the 1998 general election ballot as follows: (1) strike the requirements that motor vehicle taxes be distributed to local governments in proportion to property taxes levied, (2) provide for the merger or consolidation of cities and counties, (3) limit the property tax exemption for government property to property

used for a public purpose, and (4) strike all references to townships in the Constitution. The first three amendments succeeded while the fourth failed.

1999: Beginning July 1, 1999, the former Property Tax Division of the Department of Revenue became a separate agency called the Department of Property Assessment and Taxation, directed by the Property Tax Administrator.

2001: Beginning January 1 2001, property of the state and its governmental subdivisions that is not used or not being developed for a public purpose is taxable, based on Constitutional Amendment to Article VIII, section 2, subsection (1). Previously, all governmentally owned property, no matter how used, was exempt from property taxation. The original legislation, LB 271, passed in 1999 and implementation was delayed until 2001.

2003: Following the implementation of LB 271, a number of political subdivisions took issue with the taxation of their property and appealed the taxability of certain governmentally owned property. In 2003, both the Nebraska Supreme Court and Nebraska Court of Appeals issued decisions on this issue. See, City of Alliance v. Box Butte Cty. Bd. of Equal., 265 Neb. 262 (2003), Brown Cty. Ag. Society v. Brown Cty. Bd. of Equal., 11 Neb. App. 642 (2003), City of York v. York Cty. Bd. of Equal., 266 Neb. 297 (2003), City of York v. York Cty. Bd. of Equal., 266 Neb. 305 (2003) and City of York v. York Cty. Bd. of Equal., 266 Neb. 311 (2003). Although each case deals with a separate factual situation, it appears that the courts have taken a fairly expansive view of what constitutes a “public purpose” under LB 271. If, for example, the political subdivision is authorized to use its property in a particular way, that use constitutes a public purpose for the purposes of being exempt from property taxes, even if the property is also being used for an ongoing nonpublic use. Further, if a public purpose is advanced by the ownership of the property by the political subdivision, that use will be deemed to predominate, even if there is another, ongoing nonpublic use being made of the property. The courts did not specifically deal with the question of whether the mere generation of proceeds for the political subdivision through the use of its property would be sufficient to maintain the exempt status of the property.

2005: LB 66 passed which provides for a valuation preference rather than a complete exemption for historically significant real property that has been renovated or rehabilitated. The law limits the preference to properties deemed “historically significant” as opposed to any real property over a certain age. There is an application and approval process with the State Historical Preservation Officer (SHPO) for the real property to be deemed historically significant and revolves around the National Register of Historic Places. A “preliminary certificate” must be obtained and is the step that sets the “base value” for the property. When the work on the real property is complete, a certificate of rehabilitation is issued and the property is to be assessed at no more than its base value for eight years. In years 9-11, market value is increased incrementally until at the beginning of year 12, the value for the property is at actual value. The valuation benefit only applies to real property for which a final certificate of rehabilitation has been issued (by the SHPO) after January 1, 2006.

2007: LB 334 merged the Department of Property Assessment and Taxation with the Department of Revenue and established a Property Assessment Division. The legislation amended more than 150 sections of statutes to strike references to the former Department of Property Assessment Division and Property Tax Administrator and replaced references with Department of Revenue and Tax Commissioner. The Property Assessment Division is directed by the Property Tax

Administrator, who is appointed by the Governor, with the approval of a majority of members of the legislature. The Property Tax Administrator serves under the general supervision of the Tax Commissioner.

2007: LB 334 requires county assessors to review properties on a cycle to assure that all parcels have been inspected and reviewed at least every six years.

### **Other Property “Tax Policy” Changes:**

1996: LB 1114 imposed levy limits on all local governments to limit the total property tax rate (excluding exceptions) to \$2.24 per \$100 of taxable value beginning in 1998 and \$2.13 when fully implemented in 2001. Exceptions were for bonded debt, grandfathered building fund projects for schools, grandfathered capital lease purchases, and voter-approved overrides. Another crucial change was the concept of allocated levies, wherein counties were responsible for including the levy of small miscellaneous governments within the 45 cent limit of the county.

1996-1997: LB 299 imposed certain budget limits. For all political subdivisions, except schools and SID's 5 years old or less, the budget limit for restricted funds for fiscal year 1996-1997 was 2 percent plus population growth. For fiscal year 1997-1998 the budget limit was the prior year's total of restricted funds plus population. For school districts the budget limit for general fund expenditures, other than special education, for fiscal year 1996-1997 was 2 percent plus the percent increase in the number of students. For fiscal year 1997-1998 the budget limit was the prior year's general fund expenditures, other than special education, plus the increase in students. There were certain statutory exceptions to the limits and provisions to exceed the limit by 1 percent required a 75 percent vote of the governing body.

1996: LB 1177 created a Municipal Equalization Fund and provided for aid to municipalities that are unable to raise the average amount of property tax revenue per capita with the average property tax levy. The bill also allowed counties to levy a sales tax of up to 1.5 percent to support the county share of jointly provided public safety services.

1997: LB 269 – (1) changed the levy limits for Community Colleges from eight cents through 2000-2001 and four cents thereafter to eight cents through 1999-2000 and seven cents thereafter, (2) created a new equalization formula for funding Community Colleges that makes up for any differences between the maximum levy times the valuation for the area and 40 percent of the total spending allowed to the area, (3) provided for levy allocation by municipalities for Community Redevelopment Authorities, city airport authorities and other entities created by cities, and (4) divided municipalities into three different size groupings for purposes of the state's city equalization formula (LB 1177 1996).

1998: LB 695 provided an equalization aid program for counties. The program distributes about \$6 million annually to counties that are unable to generate the average number of dollars per road mile by levying a uniform local effort rate provided for in the bill. The bill also provided that counties receive \$35 per day for state prisoners held in county jails, a program which was originally budgeted to receive \$6 million of funding.

Funding for both of these programs was cut in the 2002 legislative session, as the state faced actual decreases in sales and income tax revenues. The road mile equalization program was

completely unfunded in the 2004 to 2006 budgets. Jail cost reimbursement was reduced by half. Both programs are scheduled to be funded again in the 2007-2009 biennial budgets, but no defined appropriations have been adopted.

1998: LB 1120 created an aid program for rural and suburban fire protection districts that cooperate by setting a uniform tax rate to finance these services in the great majority of any one county. The aid amount is \$10 per resident within the agreement. The annual cost is about \$2.5 million.

1999: LB 881 used the Cash Reserve Fund to provide for specific property tax relief programs. For 1999, \$30 million was distributed to Community Colleges based on valuation. The additional distribution to Community Colleges was also repeated in 2000 using General Funds. Finally, in 2001, \$35 million was transferred to the General Fund to help finance the additional school aid needed to fund the reduction in levy limit for schools from \$1.10 per \$100 of taxable value to \$1.00.

1999: LB 881 (tax credit for 2000) provided for \$25 million for the Relief to Property Taxpayers Act. The Act provided direct local property tax relief to all taxable real property in the form of a tax credit and is displayed on the tax statement. The credit, for year 2000, provided \$30.54 in property tax relief for every \$100,000 in taxable value. In other words, for every \$100,000 in taxable value, the state will pay the local taxing subdivisions \$30.54 that otherwise would have been collected from the taxpayer. Due to state budget constraints, the Legislature did not appropriate any monies to the Relief to Property Taxpayers Act in 2001 and subsequently repealed the Act in 2002.

2005: LB 40 became operative July 1, 2005. This legislation increased the documentary stamp tax from \$1.75 to \$2.25 for each one thousand dollars of value or fraction thereof.

2006: Effective June 15, 2006, pursuant to final orders issued pursuant to 2005 Neb. Laws LB 126, all Class I school districts (elementary grades only) and Class VI high school districts (high school grades only) were dissolved and merged into school systems that offer kindergarten through grade 12. Nebraska's approximate 469 individual base school districts decreased to 254 school systems for 2006. This legislation was repealed by voters in the 2006 November election but it did not automatically reinstate the school districts as they existed prior to implementation of LB 126. Instead, the 2007 legislative session will provide the enabling statutory language for Class I or Class VI schools to exist or be created again.

2006: LB 968 eliminated the termination date for the increase in the school levy to \$1.05 per \$100 of taxable value and the levy limit will remain at \$1.05 rather than returning to \$1.00 in 2009.

2007: LB 367 created the Property Tax Credit Act which provides direct local property tax relief to all taxable real property in the form of a tax credit and is displayed on the tax statement. The real property tax credit is based upon the valuation of each parcel of real property compared to the valuation of all real property in the state. The total amount of credit available for statewide distribution is \$105 million for year 2007 and \$115 million for year 2008. The credit, for year 2007, provided \$83.22 in property tax relief for every \$100,000 in taxable value. Meaning, for every \$100,000 in taxable value, the state will pay the local taxing subdivisions \$83.22 that otherwise would have been collected from the taxpayer.

### **State Aid to Education (TEEOSA):**

1990: The Legislature enacted LB 1059, Tax Equity and Educational Opportunities Support Act (TEEOSA). LB 1059 increased the sales tax rate from 4 percent to 5 percent and the income tax rates by 8.5 percent for 1990 and an additional 8.5 percent for 1991 to fund the Act. This landmark school finance legislation dramatically increased state aid distributed to schools in an “equalized” manner. School costs were calculated per student within nine “tiers” or groups of similarly-sized schools and the formula enabled each school district to finance the average cost per student for the tier with a combination of state aid and property taxes at a defined “local effort rate”. The rate varied based on the amount of appropriation available. LB 1059 also “rebated” 20 percent of the income tax paid by residents of the district to the district. Total cost when fully implemented was about \$210 million. The purpose of LB 1059 was to provide additional state aid to schools, reduce the reliance on property taxes to fund public education, and to try to remedy inequities in educational fiscal resources for students. While the formula for distributing state aid has been adjusted several times since 1990, measuring each school district's ability to generate revenue through property taxes remains an important component in the school aid formula.

1994: Beginning in 1994, the assessable property valuation (agricultural and horticultural land at 80 percent of actual value and all other real property at 100 percent of actual value) of each school district has been determined by the Department of Property Taxation and Assessment each year. This provision "levels the playing field" and prevents a school district from receiving an unfair advantage in the school aid formula if their property valuations are at a lower level than other school districts.

1996: The Legislature enacted LB 1050 which revised the school aid formula to (1) limit the amount of income tax rebate to \$82 million, (2) change the distribution of Insurance Premium Tax dollars from per student to being included as part of the equalization aid program, and (3) created an incentive for schools that consolidate.

1997: LB 806 revised the school aid formula by eliminating the tiers created in LB 1059 (1990) and providing for only three cost groupings: sparse, very sparse, and standard. The bill also provided for allocation or calculation of the budget for Class I schools that are part of a Class VI system or are affiliated with another K-12 district, thus integrating the levy of each “system” into the levy limits of LB 1114 (1996). Finally, the bill increased the appropriation for the school aid by \$110 million.

1998: LB 149 changed school finance such that the amount of school aid to be provided by the state is to be the full amount needed to fund all calculated needs for schools, assuming the local effort rate is equal to 10 cents less the levy limit.

2002: LB 898 statutorily reduced the calculated needs of schools by about 1¼ percent for 2002-2003 through 2004-2005 to reduce school aid by about \$22 million.

2006: LB 968 changed the required level of assessment for agricultural and horticultural land from 80 percent to 75 percent of actual value for purposes of the 2006 school adjusted value, which is used in calculating school aid for 2007-2008. This change was intended to make the agricultural and horticultural land value used in the 2007-2008 school aid formula consistent

with the “assessed” value of agricultural and horticultural land in 2007 which moves to 75 percent of actual value.

### **Motor Vehicles:**

1997: The Legislature passed LB 271 which changed the method for taxation of motor vehicles to a uniform, statewide tax and fee system rather than according to value. The fee is a nominal amount, generally between \$5 and \$30 and the proceeds are distributed to cities and counties based on the Highway Trust Fund dollars. The motor vehicle tax is determined from a table that begins with the manufacturers suggested retail price (MSRP) and declines each year thereafter, using a table found in state law. Responsibility for motor vehicle taxation was shifted from the county assessor to the county treasurer.

1998: LR 45CA amended the constitution, eliminating the requirement that motor vehicle taxes be distributed to local governments in proportion to property taxes levied.

1999: LB 142 implemented part of LR 45CA by providing that the proceeds from the motor vehicle tax be distributed 60 percent to the school district where the vehicle is registered, 22 percent to the county and 18 percent to the city except in Douglas County where the city-county shares are reversed.

### **Homestead Exemption:**

1969: Homestead exemption program was created with the intent to exempt from property taxation all or a portion of the value of the residence of individuals meeting certain criteria. The original cost of the program was \$6.4 million and today the cost is approximately \$41 million.

1983: Eliminated a general homestead exemption that exempted the first \$800 of value of a homestead valued at \$4000 or more. The cost savings was \$4.7 million.

1984: LB 809 adopted a general homestead exemption of \$3000 and required property tax statements to reflect that the state was financing the exemptions. This was estimated to cost about \$18 million. However, the program was delayed and then repealed after one year. It was never implemented.

1986: LB 1268 provided for a sliding scale for homestead exemption benefits for elderly and disabled beneficiaries as income increased.

1988: LB 1105 eliminated the sliding scale of benefits for homestead exemptions and provided that those with income below the filing threshold of \$10,400 received the full \$35,000 exemption.

1989: LB 84 granted an 8½ percent reduction in property valuation or a \$5,400 general homestead exemption for 1989 only, the reductions to be financed by the state. Total cost \$114 million.

1994: LB 802 enacted significant changes to homestead exemption program: redefined household income, increased the amount of exemption, required the filing of an income statement, placed limits on the value of the home for which an exemption application is made, and implemented a sliding scale that allows partial exemption as income increase. Overall, these changes were revenue neutral.

1999: Increased the homestead exemption income eligibility amounts and expanded the definition of disability for purposes of eligibility. The cost of the expansion was \$8.8 million, pursuant to LB 179.

2004: LB 986 passed. For applications filed in 2004 and after, the definition of multiple amputees was changed for certain veterans eligible for exemption.

2006: LB 968 made changes to increase the benefits available under the homestead exemption program, effective for 2007. The exempt amount was increased from the greater of \$40,000 or 80 percent to the greater of \$40,000 or 100 percent of the average residential home value in the county. For disabled veteran beneficiaries, the exempt amount increased from the greater of \$50,000 or 100 percent to the greater of \$50,000 or 120 percent of the average residential home value. The maximum value also increased from \$95,000 or 150 percent to \$95,000 or 200 percent of the average residential home value. The maximum value for handicapped and veteran claimants also increased a comparable amount.

## 2007 Legislation

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### **LB 145. Pertains to homestead exemptions and became effective on September 1, 2007.**

**Section 1.** Amends section 77-3510 and requires the Tax Commissioner to provide the county assessor with printed homestead exemption printed claim forms and address lists of the applicants for the prior year.

**Sections 2 and 3.** Amends sections 77-3513 and 77-3514 and requires the county assessor to mail a notice for homestead exemption to all claimants who received a homestead exemption in the previous year. The assessor is not required to mail notice if the claimant has already filed for the current year or the assessor believes that there has been a change in the claimant's qualifications.

**Section 4.** Repealer.

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### **LB 166. This bill was the Property Assessment Division's clean-up legislation which contained an emergency clause and became effective March 8, 2007.**

**Section 1.** Amends section 60-147 and provides that the Mobile Home Transfer Statement (521MH) is no longer a four part form.

**Section 2.** Amends section 72-258.03 and changes the factor for figuring the actual value of agricultural land belonging to Educational Lands and Funds from 1.25 hundredths to 1.33 hundredths. This was changed because agricultural and horticultural land is now assessed at 75% of actual value instead of 80% of actual value.

**Section 3.** Amends section 77-201 to change the recapture value from actual value to 75% of actual value. **The Property Tax Administrator is recommending that any agricultural land and horticultural land that becomes disqualified from receiving the special valuation at anytime in 2007, be recaptured at 75% of its actual value. This is applicable only in situations where disqualification from special value is for a reason other than change in status as a result of LB 808 from the 2006 session.**

**Section 4.** Amends section 77-202.03 changes the exemption application date from December 1, to November 15 for property that was receiving an exemption before the sale and continues to qualify for exemption after the sale. This was amended because some county boards of equalization only meet after the 15<sup>th</sup> of the month.

**Section 5.** Amends section 77-1233.04 to provide that the assessor has the power to change a reported valuation on a personal property return to net book value. This clarifies prior law.

**Section 6.** Amends section 77-1344 and clarifies that if agricultural land and horticultural land becomes disqualified from receiving the special value at any time during the year, it is to be valued at its recapture value. **This is applicable only in situations where disqualification from special value is for a reason other than change in status as a result of LB 808 from the 2006 session.**

**Recapture value will only have to be determined through tax year 2008.**

**Section 7.** Amends section 77-1347.01 to allow the county assessor to disqualify agricultural and horticultural land from receiving special value at any time during the year. Also clarifies the language in section 77-1347.01 by repealing unnecessary dates and procedures that the county assessor and county board of equalization were required to follow and implement, pursuant to LB 808 from the 2006 session.

**Section 8.** Amends section 77-1348 to provide that for tax years 2007 and 2008, when agricultural and horticultural land that has been receiving special valuation becomes disqualified it will be subject to taxation at its recapture value (seventy-five percent of its actual value) for the year it became disqualified.

All parcels that were disqualified on January 1, because of the change in the definition of agricultural or horticultural land because of LB 808 from the 2006 session, shall be subject to taxation at their actual value for the year in which they became disqualified. No additional taxes will be recaptured for any preceding years when the land became disqualified because of the change in the definition of agricultural and horticultural land pursuant to LB 808 from the 2006 session.

Section 8 also provides that if land becomes disqualified in 2007 additional taxes will be recaptured at eighty percent of the actual value for the two preceding years (2005 and 2006) or less, if the land was receiving the special value for less than those two years. When land becomes disqualified in 2008 additional taxes will be recaptured at seventy-five percent of the actual value for the preceding year (2007), and repeals the July 25 disqualification date and procedures for the implementation of the recapture of taxes and the collection of these taxes that were implemented, pursuant to LB 808 from the 2006 session.

**Section 9.** Amends section 77-1355 to change the membership on the Greenbelt Advisory Committee.

The following members are removed: local planning and zoning official; elected county official who has served on an agricultural and horticultural land valuation board; and, the county attorney.

The new member will be an elected county commissioner or supervisor.

**Section 10.** Amends section 77-1613.02 to allow for computer generated tax list corrections rather than hand written in hard bound books.

**Section 11.** Amends section 77-5018 for compliance with section 10 of this legislation.

**Sections 12 and 13.** Repealers.

**Section 14.** Emergency clause.

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**LB 219. Pertains to freeholder petitions, contained an emergency clause. The bill was approved by the Governor on May 16, 2007 and became effective May 17, 2007.**

**Section 1.** Requires that any freeholder of land may file a petition on or before July 15 for 2007 and on or before June 1 for all other years with a board consisting of the county assessor, county clerk and county treasurer to have his or her land situated in a Class II or III school district attached to an accredited district which is contiguous to such land.

The board shall hold a hearing on petitions on or before November 1 following the filing and shall either approve or disapprove the petition. If approved by the board, the transfer shall take place on the following January 1.

**Section 2.** Repealer.

**Section 3.** Emergency Clause.

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**LB 334. Pertains to the Merger of the Department of Property Assessment & Taxation into the Department of Revenue contained an emergency clause. The bill was approved by the Governor on May 24, 2007 and became effective on May 25, 2007 with operative date of July 1, 2007.**

**Sections 1, 3, 4 and 5.** Amends various sections of law to require the county treasurer to pay over to political subdivisions taxes collected for the political subdivisions on or before the fifteenth day of each month.

**Sections 2 and 6 through 12.** Amends various sections of law that influence the merger of the Department of Property Assessment & Taxation into the Department of Revenue, and now referred to as the Property Assessment Division.

**Section 13.** Amends section 77-103 to remove trade fixtures from the definition of real property.

**Section 14.** Amends Section 77-105 to define what is to be considered as trade fixtures and to also define trade fixtures as personal property for property tax purposes.

**Sections 15 through 99.** Amends various sections of law that influence the merger of the Department of Property Assessment & Taxation into the Department of Revenue.

**Section 100.** Is new law that requires the county assessor by March 19 of each year to inspect and review a portion of the real property parcels in his or her county for the purposes of achieving uniform and proportionate valuations and to make sure that the data on record reflects the property. The complete review and inspection of the real property parcels must be completed every six years.

**Sections 101 through 105.** Amends various sections of law that influence the merger of the Department of Property Assessment & Taxation into the Department of Revenue.

**Section 106.** Operative date.

**Sections 107 and 108.** Repealers.

**Section 109.** Emergency clause.

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**LB 367.** This bill was the legislature's tax reduction legislation, which contained the emergency clause. The bill was approved by the Governor on May 18, 2007 and became effective on May 19, 2007 and became operative at various dates.

**Sections 1 through 3. Operative date 5/19/2007.** Establish the Property Tax Credit Act and create the Property Tax Credit Cash Fund. Requires that property tax relief will be given to the owners of real property in the form of a property tax credit against their real property taxes.

**Section 4.** Provides for property tax relief in the amounts of one hundred five million dollars for tax year 2007 and one hundred fifteen million dollars for tax year 2008.

To determine the amount of property tax credit, for each parcel, the county treasurer shall multiply the amount disbursed to the county by the State Treasurer by the percentage each parcel's valuation is to the total valuation of all parcels in the county. The amount so determined for each parcel shall be the property tax credit for the parcel and shall appear on the parcel's tax statement.

When the owner qualifies for the homestead exemption on his or her residence, he or she shall also qualify for relief under this act. The relief provided by the state for the homestead exemption shall be applied first to the tax liability on the parcel before the property tax credit pursuant to this act. If the amount of relief provided under the homestead exemption for the parcel is not sufficient to cover the tax liability, only the amount of the remaining liability can be deducted from the tax credit pursuant to this act. Any remaining unused tax credit after the tax liability has been satisfied shall be returned to the State Treasurer by the following July 1 of the year the funds were disbursed to the counties.

The amounts disbursed to the individual counties shall be determined by a percentage of what each individual county's real property valuation is to the total real property valuation of all counties in the state. The Property Tax Administrator shall make this determination by September 15 each year and certify such amounts to the State Treasurer and to each county. The county treasurer after retaining one percent for costs shall distribute the remaining funds to each political subdivision in the same manner as the property taxes are distributed for that tax year.

**Sections 5 through 25.** Pertain to tax reductions to sales tax, estate tax and income tax, all of which are under the administration of the Department of Revenue.

**Section 26.** Operative dates.

**Sections 27 through 31.** Repealers.

**Section 32.** Emergency clause.



## **Administration of Property Assessment and Taxation**

All property in the State of Nebraska is subject to property tax unless an exemption is mandated by the Nebraska Constitution, Article VIII, or is permitted by the Constitution and enabling legislation is adopted by the Legislature. Federal law may supersede the Nebraska Constitution with regard to taxation of property owned by the federal government or its agencies or instrumentalities. All property in the State of Nebraska, which is subject to taxation, shall be valued as of January 1, 12:01 a.m., of each year.

The assessor is responsible for the valuing all real and personal property with the exception of railroads, public service entities, and specific personal property of air carrier and rail car line companies, which are assessed by the Property Tax Administrator.

The valuation of real property is determined according to mass appraisal techniques, including but not limited to the following: (1) comparing sales of properties with known or recognized values, taking into account location, zoning, and current functional use; (2) income approach; and (3) cost approach. The valuation of personal property is determined using a statutory method of depreciated values similar to the Federal Modified Accelerated Cost Recovery System and 150 percent declining balance depreciation schedules.

All real property is assessed at or near 100 percent of actual value, except agricultural and horticultural land is assessed at or near 75 percent of actual value, and agricultural and horticultural land receiving special valuation pursuant to Neb. Rev. Stat. §77-1344 is assessed at 75 percent of its special value with is the value of the land for agricultural and horticultural purposes. Personal property is assessed at 100 percent of the net book taxable value as determined by the statutory method.

Permissive exemptions are allowed for certain organization such as religious, charitable, educational, and agricultural societies pursuant to Neb. Rev. Stat. §77-202. The organization must file an application for exemption of real and/or personal property and final approval is made by the county board.

There is an exemption for certain business personal property belonging to qualifying companies under the Employment and Investment Growth Act and the Nebraska Advantage Act.

For individuals, there is the homestead exemption program designed to provide local property tax relief to qualifying elderly and disabled individuals who own and live in the home for which an exemption application is made. The exemption applies to all or part of the property taxes levied against the home, with the state reimbursing local governments from general fund revenues for those taxes exempted under the program.

Between January 1 and March 19 of each year, the assessor updates and revises the real property assessment roll. Each year between early April and May 15 the Tax Equalization and Review Commission has the authority to adjust by a percentage the valuation of classes or subclasses of real property in any county in order to achieve equalization of property values. Decisions of the Tax Equalization and Review Commission may be appealed to the Nebraska Court of Appeals.

The assessor revises the real property assessment rolls for any orders issued by the Tax Equalization and Review Commission and notifies property owners of value increases or decreases by June 1. Individual protests of real property valuations may be made to the county board of equalization. The county board of equalization may adjust the protested value of individual properties. Decisions of the county board of equalization may be appealed to the Tax Equalization and Review Commission.

Personal property is self reported by the taxpayer, on or before May 1. If the assessor makes changes to the reported valuation a notice must be sent to the taxpayer. The action may be appealed to the county board of equalization.

On or before August 10, the Tax Equalization and Review Commission shall equalize the real property of centrally assessed railroad and public service companies with the statewide level of assessment. The Property Tax Administrator certifies centrally assessed values to the counties.

On or before August 20, the assessor compiles and certifies the total taxable value (real, personal, and centrally assessed) to each local government taxing subdivision for rate setting purposes.

Each year, on or before October 15, the county board of equalization levies the necessary taxes, within the limits of the law, for operation of all functions of county government, school districts, cities, etc. The tax rates for these various local government taxing subdivision are determined by the dividing the subdivision's annual tax request by the current total taxable value within their boundaries. The tax rates are expressed as \$1 per \$100 dollars of taxable value.

Property taxes are determined by multiplying the property's taxable value by the total consolidated tax rate for the tax district in which the property is located. The tax district is comprised of various governing bodies empowered to levy property taxes for services, such as county government, school district, city, etc.

On or before November 22, the assessor transcribes the real property tax list and delivers it to the county treasurer for collection of property taxes. All real and personal property taxes, including taxes of centrally assessed railroad and public service companies, are due December 31. The first half of the tax becomes delinquent on the following May 1 and the second half becomes delinquent on September 1, except in Douglas, Lancaster, and Sarpy counties, where the first half is delinquent on April 1 and second half becomes delinquent on August 1.

## Statistical Tables

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### Notes regarding statistical tables:

- (1) The data sources for the statistical tables are the Certificate of Taxes Levied Report and the County Abstract of Assessment Report.
- (2) Property taxes levied includes homestead exemption tax loss.
- (3) Property taxes levied excludes taxes levied on redevelopment or enhanced value of community redevelopment projects using tax increment financing (TIF). See report to the Legislature for redevelopment projects, published on March 1 of each year.
- (4) The state total valuations and property taxes levied for the years 1967 through current are listed in Table 1. Tax policy changes that affect the valuation or tax are explained in a previous section of the annual report, e.g. 1997 motor vehicles are no longer taxed based on a value. Also listed in Table 1 are the state total property tax amounts, mill levies, and average statewide property tax rates for applicable years. Payments in lieu of tax made by public power districts and other in lieu of tax payments are not included in total taxes.
- (5) Assessment levels for property:
  - i) for 1920 and prior years, property was assessed at 20 percent of its actual value;
  - j) from 1921 to 1952, property was assessed at its actual value;
  - k) from 1953 to 1955 property was assessed at 50 percent of its actual value;
  - l) in 1956 and 1957 property was assessed at 50 percent of its base value;
  - m) from 1958 to 1980 property was assessed at 35 percent of its actual value;
  - n) from 1981 to 1991 property was assessed at 100 percent of actual value;
  - o) from 1992 to 2006 property was assessed at 100 percent of actual value, with the exception of agricultural and horticultural land which was assessed at 80 percent of actual value.
  - p) beginning 2007, agricultural and horticultural land is assessed at 75 percent of actual value.
- (6) Example; years 1967 to 1980, tax rates were expressed as mills per one-thousand dollars of value.

Property market value	100,000
Assessment level	35%
Assessed value	35,000
Mill levy 55.925	
or 55.925/1000	.055925
Calculated Taxes	\$ 1,957.38

- (7) Example; years 1981 to current, tax rates are expressed as rates per one-hundred dollars of value.

Property market value	100,000
Assessment level	100%
Assessed value	100,000
Tax Rate 1.9574	
or 1.9574/100	.019574
Calculated Taxes	\$ 1,957.40

(8) Example for converting a mill levy to a tax rate:

Mill levy multiplied by assessment level divided by 10.

55.925 (mill levy) multiplied by .35 (assessment level) divided by 10 (converted to \$100 per value)  
equals a tax rate of 1.9574

(9) In Lieu Taxes, Table 21. In Nebraska, every public corporation and political subdivision of the state that is primarily organized to provide electricity or irrigation, and which sells electricity at retail to incorporated cities and villages, makes payments in lieu of property taxes. The payments are equivalent to 5 percent of the gross revenue derived by the power district, plus a fixed amount based on the 1957 levies. Other in lieu of tax payments are also reported for game and parks pursuant to Neb. Rev. Stat. §37-335, housing authorities pursuant to Neb. Rev. Stat. §71-1590, hospitals pursuant to Neb. Rev. Stat. §77-211, and community redevelopment authorities pursuant to Neb. Rev. Stat. §18-2137.

## **Definitions of property type categories in the statistical tables:**

**Unimproved** - land without buildings or structures

**Improved** - land upon which buildings are located;

**Improvements** - buildings or structures.

**Residential/single family** - all real property predominantly used or intended to be used as a dwelling place or abode whether occupied by the owner, tenant or lessee, and where occupancy is for a period of time usually year-round as opposed to a transitory occupancy by a single family or two families.

**Commercial** - all real property predominantly used or intended to be used for commerce, trade, or business. For purposes of reporting, multi-family dwellings predominantly used for occupancy by more than two families, are summarized with the commercial property type.

**Industrial** - all real property predominantly used or intended to be used for the process or manufacture of goods or materials.

**Recreational** - all real property predominantly used or intended to be used for diversion, entertainment, and relaxation on an occasional basis. Some of the uses would include fishing, hunting, camping, boating, hiking, picnicking, and the access or view that simply allows relaxation, diversion and entertainment.

**Mineral (interests)** - an ownership interest of any minerals, mines, quarries, mineral springs, overriding royalty interest and production payments with respect to oil and gas leases. The minerals category includes both producing and non-producing interests.

**Home site** - land within a residential, recreational, commercial or industrial parcel, which is used or intended to be used for residential purposes. For purposes of reporting, home site land is summarized with the parcel's predominant property type or use.

**Farm home site land** - one acre or less of land that is contiguous to farm site and upon which is located a residence and necessary improvements needed for residential purposes.

**Farm site land** - the portion of land contiguous to land actively devoted to agriculture which includes improvements that are agricultural or horticultural in nature, including any uninhabitable or unimproved farm home site. Farm site land shall not be classified as agricultural or horticultural land and shall not include any home site land.

**Agricultural** - agricultural or horticultural land means a parcel of land which is primarily used for agricultural or horticultural purposes. Agricultural or horticultural purposes means used for the commercial production of any plant or animal product in a raw or unprocessed state that is derived from the science and art of agriculture, aquaculture, or horticulture.

**Exempt** - property that receives an exemption from property tax, i.e. governmentally exempt or permissive exemptions such as religious, charitable, educational, etc.

**Centrally assessed** - property valued by the state for property tax purposes. The centrally assessed property information in the statistical tables of this report reflects "operating property" of railroads and public service entities, except for Table 22 which reflects data for car line companies and air carriers.

**Personal Property** - depreciable tangible personal property which is used in a trade or business or used for the production of income and which has a determinable life of longer than one year. Personal property net book value is determined pursuant to Nebraska's statutorily defined adjusted basis multiplied by the appropriate depreciation factor.

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