

SECTION B

Property Assessment and Homestead Exemptions

BASIC PROVISIONS AND TAXATION LAWS

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 county assessor is responsible for 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 similar 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 which 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 or near 75 percent of its special value which 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 organizations 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.

There is an exemption for certain personal property belonging to qualified beginning farmers, pursuant to the Beginning Farmer Act, pursuant to Neb. Rev. Stat. §77-5902.02.

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 (see Homestead Exemption section).

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 or 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 subdivisions are determined by 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 the second half becomes delinquent on August 1.

For more information please refer to the Property Assessment Division Web site at: **pat.ne.gov**.

HOMESTEAD EXEMPTIONS

A homestead exemption provides relief from property taxes by exempting all or a portion of the valuation of the homestead from taxation. The State of Nebraska reimburses the counties and other governmental subdivisions for the taxes lost due to the homestead exemptions. A homestead exemption is available to three groups of persons: (1) persons over age 65; (2) certain disabled individuals; or (3) certain disabled veterans and their widow(er)s.

For more information regarding the homestead exemption program and the property tax relief it provides for qualified taxpayers please refer to the Nebraska Homestead Exemption Information Guide, located on the Nebraska Department of Revenue Web site at www.revenue.ne.gov.

**Statutory Reference
and Description**

**Actual or Estimated
Tax Expenditure Cost**
NA = Not Available

EXEMPTIONS

Section 2-4243

Property belonging to the Conservation Corporation.

NA

Section 3-209

Airports and landing fields acquired by a municipality.

NA

Section 3-511

Property belonging to city airport authorities.

NA

Section 3-621

Property belonging to county airport authorities.

NA

Section 3-714

Property belonging to joint airport authorities.

NA

Section 12-506

Property belonging to cemetery associations.

NA

Section 12-517

Burial lots sold by a cemetery association for interment.

NA

Section 14-812

Property belonging to metropolitan cities.

NA

Section 14-1721

Property belonging to municipal parking authorities.

NA

Section 14-1810 Property belonging to metropolitan transit authorities.	NA
Section 15-844 Property belonging to primary class cities.	NA
Section 21-1903 Property held by corporations organized for the purpose of holding in trust, property that would be exempt if owned and held by the organization for whose use or benefit the property is held in trust.	NA
Section 21-2311 Property belonging to industrial development public corporations.	NA
Section 23-35,117 Property belonging to hospital authorities.	NA
Section 37-301 Property held by the Nebraska Game and Parks Commission.	NA
Section 51-512 Property belonging to public museums.	NA
Section 58-268 Property belonging to the Nebraska Investment Finance Authority.	NA
Section 58-324 Property belonging to the Small Business Development Authority.	NA
Section 77-202(1)(a)&(b) Property of the state and its governmental subdivisions.	NA
Section 77-202(1)(c) Property owned by and used exclusively for agricultural and horticultural societies.	NA
Section 77-202(1)(d) Property owned by educational, religious, charitable, or cemetery organizations and used for such purposes.	NA
Section 77-202(1)(e) Household goods and personal effects when such property is not used for profit.	NA
Section 77-202(2) Increased value of land due to shade or ornamental trees planted along the highway.	NA

Section 77-202(3)

Tangible personal property which is not depreciable. Tangible personal property used in a trade or business or to produce income. NA

Section 77-202(4)

Motor vehicles required to be registered for operation on the highways of this state shall be exempt from property tax. NA

Section 77-202(5)

Business and agricultural inventory. NA

Section 77-202(6)

Any qualifying personal property pursuant to subsection 2 of section 77-4105 or 77-5209.02, shall be exempt from personal property tax under conditions specified in the Employment and Investment Growth Act and the Beginning Farmer Act. (See Section V)

Section 77-202(7)

Any qualifying personal property pursuant to the Nebraska Advantage Act shall be exempt from personal property tax. (See Section V)

Section 77-202.24

Mobile home owned and occupied by a disabled or blind veteran. NA

Section 77-212

Space provided for supportive medical services exempt from the in-lieu-of payment provided for in section 77-211. NA

Sections 77-4101, 77-4105, 77-5701, and 77-5725(7)

(Employment and Investment Growth Act LB775, as amended by LB1234 and the Nebraska Advantage Act 2006, Neb. Laws LB312) (See Section V)

A taxpayer's business may qualify for tax incentives under the Employment and Investment Growth Act and/or the Nebraska Advantage Act based upon certain levels of investment and hiring of employees. If the taxpayer meets the criteria required, then certain personal property of the project may qualify for property tax exemption.

Sections 77-5201 through 77-5215

The Beginning Farmer Act provides beginning farmers and livestock producers with income tax credits and personal property exemptions. Beginning farmers and livestock producers must be approved and certified by the Beginning Farmer Board to be eligible for the programs, income tax credits, or exemption of personal property. NA

Section 77-3507

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for **married claimants 65 years of age or over** with household income as set out below:

Household Income	Percentage of Relief
\$0 through 27,900.99	100%
27,901 through 29,400.99	85%
29,401 through 30,800.99	70%
30,801 through 32,300.99	55%
32,301 through 33,800.99	40%
33,801 through 35,300.99	25%
35,301 and over	0%

Section 77-3507

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **single claimant 65 years of age or over** with household income as set out below:

Household Income	Percentage of Relief
\$0 through 23,800.99	100%
23,801 through 25,000.99	85%
25,001 through 26,300.99	70%
26,301 through 27,500.99	55%
27,501 through 28,700.99	40%
28,701 through 30,000.99	25%
30,001 and over	0%

Section 77-3508(1)(a)

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **married veteran totally disabled by a non-service connected accident or illness** with household income as set out below:

Household Income	Percentage of Relief
\$0 through 30,600.99	100%
30,601 through 32,100.99	85%
32,101 through 33,600.99	70%
33,601 through 35,100.99	55%
35,101 through 36,500.99	40%
36,501 through 38,000.99	25%
38,001 and over	0%

Section 77-3508(1)(a)

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **single veteran totally disabled by a non-service connected accident or illness** with household income as set out below:

An additional restriction was added to the definition of a veteran.

Veterans must now be discharged or otherwise separated with a characterization of honorable or general (under honorable conditions).

Household Income	Percentage of Relief
\$0 through 26,700.99	100%
26,701 through 28,000.99	85%
28,001 through 29,200.99	70%
29,201 through 30,500.99	55%
30,501 through 31,700.99	40%
31,701 through 32,900.99	25%
32,901 and over	0%

Section 77-3508(1)(b)(c)(d)(e)

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **married disabled individual** with household income as set out below:

Household Income	Percentage of Relief
\$0 through 30,600.99	100%
30,601 through 32,100.99	85%
32,101 through 33,600.99	70%
33,601 through 35,100.99	55%
35,101 through 36,500.99	40%
36,501 through 38,000.99	25%
38,001 and over	0%

Section 77-3508(1)(b)(c)(d)(e)

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **single disabled individual** with household income as set out below:

Household Income	Percentage of Relief
\$0 through 26,700.99	100%
26,701 through 28,000.99	85%
28,001 through 29,200.99	70%
29,201 through 30,500.99	55%
30,501 through 31,700.99	40%
31,701 through 32,900.99	25%
32,901 and over	0%

Section 77-3509

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **married veteran drawing compensation from the Department of Veterans' Affairs for 100 percent service-connected disability** with household income as set out below:

An additional restriction was added to the definition of a veteran. Veterans must now be discharged or otherwise separated with a characterization of honorable or general (under honorable conditions).

Household Income	Percentage of Relief
\$0 through 30,600.99	100%
30,601 through 32,100.99	85%
32,101 through 33,600.99	70%
33,601 through 35,100.99	55%
35,101 through 36,500.99	40%
36,501 through 38,000.99	25%
38,001 and over	0%

Section 77-3509

(See Note)

For homesteads valued at or below the maximum value as defined in section 77-3505.02, a percentage of the exempt amount defined in section 77-3501.01(1), for a **single veteran drawing compensation from the Department of Veterans' Affairs for 100 percent service-connected disability including any un-remarried widow or widower of such veteran** with household income as set out below:

An additional restriction was added to the definition of a veteran. Veterans must now be discharged or otherwise separated with a characterization of honorable or general (under honorable conditions).

Household Income	Percentage of Relief
\$0 through 26,700.99	100%
26,701 through 28,000.99	85%
28,001 through 29,200.99	70%
29,201 through 30,500.99	55%
30,501 through 31,700.99	40%
31,701 through 32,900.99	25%
32,901 and over	0%

Note: The total tax expenditure for the State of Nebraska in FY 2007-08 was \$62,526,067. One hundred percent was reimbursed to the counties by the State of Nebraska. The table on page B11 lists the total homestead exemption to each county.

Section 77-3501.01 Exempt amount, defined:

(1) For purposes of section 77-3507, exempt amount shall mean the lesser of (a) the taxable value of the homestead or (b) one hundred percent of the average assessed value of single-family residential property in the claimant's county of residence as determined in section 77-3506.02 or forty thousand dollars, whichever is greater. (2) For purposes of sections 77-3508 and 77-3509, exempt amount shall mean the lesser of (a) the taxable value of the homestead or (b) one hundred twenty percent of the average assessed value of single-family residential property in the claimant's county of residence as determined in section 77-3506.02 or fifty thousand dollars, whichever is greater.

Section 77-3505.02 Maximum value, defined:

Maximum value shall mean: (1) For applicants eligible under section 77-3507, two hundred percent of the average assessed value of single-family residential property in the claimant's county of residence as determined in section 77-3506.02 or ninety-five thousand dollars, whichever is greater; and (2) For applicants eligible under sections 77-3508 and 77-3509, two hundred twenty-five percent of the average assessed value of single-family residential property in the claimant's county of residence as determined in section 77-3506.02 or one hundred ten thousand dollars, whichever is greater.

PREFERENTIAL TAX RATES AND VALUATION

Statutory Reference and Description	Actual Tax Expenditure Cost NA = Not Available
Section 18-2137 Whenever a city community redevelopment authority purchases or acquires real property pursuant to sections 18-2101 to 18-2144, the authority shall annually, so long as it shall continue to own such property, pay in-lieu-of taxes to the respective political subdivisions applicable to the property during the immediately preceding the purchase or acquisition of such real property.	\$0
Section 37 335 Whenever the Game and Parks Commission acquires title to private lands for wildlife management purposes, the Commission shall annually make the same payments in-lieu-of taxes as were made by private landowners for the year prior to such acquisitions to the county treasurer of the county in which the land is located.	\$472,235*
Section 71-1590 Pursuant to section 71-5190(2), a housing agency may agree to make payments in-lieu-of all taxes. The in-lieu-of taxes for this section are based upon the amount of property taxes that would have been levied for property if it was not exempt from taxation.	\$429,313*

Section 77-211

Pursuant to section 77-211, any political subdivision, tax-exempt corporation or proprietorship acting with respect to any hospital and which provides office buildings or office space to tenants engaged in private enterprise shall charge such tenants a sufficient amount of rent so that a portion of the rent payments shall be in-lieu-of taxes. The in-lieu-of taxes for this section are based upon the amount of property taxes that would have been levied for property if it was not exempt from taxation. \$17,493*

Section 77-1344

Land valued for agricultural use where actual value for other use would be higher. NA

Nebraska Constitution Article VIII, Section II

(Section 70-651.01 through 70-651.05) Public corporations and political subdivisions making an in-lieu-of taxes payment equal to the amount of taxes paid in 1957, or five percent of annual gross revenue less the amount of taxes paid in 1957, less any city occupation tax. \$1,022,156*
1957 fixed
\$27,762,320*
5% gross revenue
city occupation tax
\$698,246*

* These amounts are the in-lieu-of taxes paid as reported on the 2007 Certificates of Taxes Levied Report.

FY 2007-08 HOMESTEAD EXEMPTION REIMBURSEMENT

ADAMS.....	\$1,157,911	JEFFERSON.....	\$324,101
ANTELOPE.....	229,745	JOHNSON.....	244,300
ARTHUR.....	7,903	KEARNEY.....	198,499
BANNER.....	16,037	KEITH.....	367,336
BLAINE.....	6,534	KEYA PAHA.....	16,390
BOONE.....	165,881	KIMBALL.....	130,433
BOX BUTTE.....	315,684	KNOX.....	319,685
BOYD.....	76,732	LANCASTER.....	8,919,331
BROWN.....	128,313	LINCOLN.....	1,370,058
BUFFALO.....	1,375,127	LOGAN.....	17,304
BURT.....	399,959	LOUP.....	15,112
BUTLER.....	283,940	MADISON.....	1,147,327
CASS.....	1,013,774	MCPHERSON.....	12,117
CEDAR.....	326,045	MERRICK.....	329,747
CHASE.....	143,691	MORRILL.....	160,637
CHERRY.....	167,031	NANCE.....	140,824
CHEYENNE.....	406,595	NEMAHA.....	242,268
CLAY.....	207,837	NUCKOLLS.....	162,508
COLFAX.....	395,491	OTOE.....	820,627
CUMING.....	362,997	PAWNEE.....	104,923
CUSTER.....	405,879	PERKINS.....	105,284
DAKOTA.....	617,598	PHELPS.....	314,273
DAWES.....	299,249	PIERCE.....	323,325
DAWSON.....	713,052	PLATTE.....	1,091,548
DEUEL.....	69,944	POLK.....	204,464
DIXON.....	229,795	RED WILLOW.....	353,237
DODGE.....	1,711,376	RICHARDSON.....	327,398
DOUGLAS.....	17,314,537	ROCK.....	49,550
DUNDY.....	45,938	SALINE.....	588,896
FILLMORE.....	220,821	SARPY.....	3,821,252
FRANKLIN.....	147,538	SAUNDERS.....	1,188,042
FRONTIER.....	85,442	SCOTTS BLUFF.....	1,624,536
FURNAS.....	165,541	SEWARD.....	636,589
GAGE.....	1,132,269	SHERIDAN.....	173,379
GARDEN.....	75,246	SHERMAN.....	127,651
GARFIELD.....	65,601	SIOUX.....	16,553
GOSPER.....	89,165	STANTON.....	175,654
GRANT.....	18,235	THAYER.....	168,764
GREELEY.....	103,273	THOMAS.....	25,175
HALL.....	2,098,926	THURSTON.....	109,652
HAMILTON.....	305,129	VALLEY.....	209,748
HARLAN.....	118,471	WASHINGTON.....	941,623
HAYES.....	22,026	WAYNE.....	291,004
HITCHCOCK.....	88,102	WEBSTER.....	155,910
HOLT.....	352,517	WHEELER.....	7,467
HOOKER.....	27,419	YORK.....	398,276
HOWARD.....	342,974	STATE TOTAL.....	\$62,526,067

RECOMMENDATIONS

The taxable value of exempt property (e.g., governmental or permissive exempt) is not available because a value may not have been determined due to the exempt status. Typically, time and resources are spent on establishing values for taxable properties.

The Department of Revenue has no other recommendations.