

---

---

## **SECTION D**

### **Railroads, Public Service Entities, Car Lines, and Air Carrier Flight Equipment Property Tax**

#### **BASIC PROVISIONS AND TAX BASE**

Property valued by the state includes those companies or industries that the Property Tax Administrator is statutorily responsible for determining a taxable valuation for each year. Companies owning or leasing operating property are required to furnish information annually, on prescribed forms, to the Property Tax Administrator. Taxable value has been defined to be actual value for real property and net book value for tangible depreciable personal property, excluding registered motor vehicles, which is determined by using a statutory method.

#### **Railroads**

Neb. Rev. Stat. §§77-601 to 77-693, provide for the Property Tax Administrator to value the operating property of any company owning, controlling, or operating property used for railroad purposes.

The Property Tax Administrator shall ascertain the total taxable value of the railroad company, including real, franchise, and net book personal property, attributable to Nebraska. The Property Tax Administrator apportions the railroad's taxable value by taxing subdivision based on a statutory formula, as follows: (1) five percent is distributed to all taxing subdivisions where the railroad company has investment in general office buildings or machine and repair facilities; and (2) the balance is distributed to all taxing subdivisions based 50 percent on track mileage and 50 percent on traffic density. The value per mile of main track shall equal twice the value per mile of side track. The apportioned value is certified by the Property Tax Administrator to the assessor for assessment and tax collection.

#### **Public Service Entities**

Neb. Rev. Stat. §§77-801 to 77-804, provide for the Property Tax Administrator to determine the total taxable value of public service entities, organized for profit under the laws of this state or any other state or government and engaged in the business of waterworks, electrical power, gas works, natural gas, telecommunications, and pipeline transmissions. Generally, the entities affected by this law fall into three groups: telecommunications, pipeline companies, and certain utility companies.

The Property Tax Administrator shall ascertain the total taxable value, including real, franchise, and net book personal property value, attributable to Nebraska.

The Property Tax Administrator distributes the public service entity's taxable value to the various taxing subdivisions based on a ratio of the public service entity's original cost of all operating property located in the taxing subdivision compared to the original cost of all operating

property located in the state. The Property Tax Administrator certifies the distributed taxable value of public service entities to the assessor for assessment and tax collection at the local government level.

## **Car Line Companies**

Neb. Rev. Stat. §§77-679 through 77-693, provide for the assessment and taxation of car line companies. A car line company shall mean any person, other than a railroad company, owning or operating any railroad cars of any description through, in, or into the State of Nebraska. The Property Tax Administrator shall ascertain the total taxable value, i.e., net book personal property value of the car line company's cars attributable to Nebraska. The Property Tax Administrator shall levy against the value assessed, for property tax purposes, at a rate equal to the state's average tax rate. The taxes are payable to the Property Tax Administrator who remits them, less a three percent collection fee, to the State Treasurer for distribution to the counties. The car line taxes are distributed among the various taxing subdivisions based in proportion to all railroad taxes levied pursuant to section 77-684. The collection fee is remitted to the State Treasurer for credit to the Department of Revenue Property Assessment Division Cash Fund.

## **Air Carrier Flight Equipment**

Neb. Rev. Stat. §§77-1245 through 77-1250.05 provide for the assessment and taxation of air carriers. An air carrier shall mean any person, firm, assignee, engaged in interstate carriage of persons or cargo for hire by company or corporate aircraft. The Property Tax Administrator shall ascertain the total taxable value, i.e., net book personal property value of the air carrier's flight equipment attributable to Nebraska. The Property Tax Administrator shall levy against the value assessed, for the property tax purposes, at a rate equal to the state's average tax rate. The taxes are payable to the Property Tax Administrator who remits them, less a three percent collection fee, to the State Treasurer for distribution to the counties. The air carrier taxes are distributed to the counties as a credit to the county general fund proportionate to the amount the total property taxes levied in the county bears to the total property taxes levied in the state as a whole. The collection fee is remitted to the State Treasurer for credit to the Department of Revenue Property Assessment Division Cash Fund.

**Statutory Reference  
And Description**

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

## **EXEMPTIONS**

**Section 77-202(1)**

Governmental Subdivision and Nonprofit Organizations NA

**Section 77-4105 and/or Section 77-5725**

Railroad Personal Property \$0\*

Public Service Entity Personal Property \$0\*

Air Carrier Flight Equipment \$0\*

\* Based on tax year 2007 net book taxable personal property value exempted, multiplied by the state's average tax rate for 2007.

## **DEDUCTIONS**

**Section 77-684**

Car line companies collection fee \$98,638\*

**Section 77-1250**

Air carriers collection fee \$82,925\*

\*Based on tax year 2006 net book taxable personal property of car line companies and air carriers; the three percent collection fee retained by the state as a credit to the Department of Revenue Property Assessment Division Cash Fund (The year 2006 taxes are collected during 2007).

## **RECOMMENDATIONS**

The Department of Revenue has no recommendations.