

# SECTION C — 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, must 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 professionally accepted mass appraisal techniques, including but not limited to the following: (1) sales comparison approach; (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% declining balance depreciation schedules.

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

Permissive exemptions are allowed for certain organizations such as educational, religious, charitable, cemeteries, and agricultural societies pursuant to Neb. Rev. Stat. § [77-202](#). The organization must file an application for exemption of real and/or personal property. The county assessor will recommend approval or denial to the county board of equalization which will meet to make the final decision regarding the application for exemption.

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

Personal property used directly in the generation of electricity using wind as the fuel source is exempt from personal property tax. The wind energy generation facilities pay a nameplate capacity tax in place of personal property tax and the real property is assessed locally by the county assessor.

There is an exemption for certain personal property belonging to qualified beginning farmers, pursuant to Neb. Rev. Stat. § [77-5209.02](#) of the Beginning Farmer Act.

For individuals, the homestead exemption program is designed to provide local property tax relief to qualifying elderly individuals, certain disabled veterans, and certain disabled individuals and their widowers 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, within the State of Nebraska reimbursing local governments from general fund revenues for those taxes exempted under the program (see [Homestead Exemption](#)).

Between January 1 and March 19 of each year, the county 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 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 county 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 county 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 must 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 county 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 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 county 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 becomes delinquent on April 1 and the second half becomes delinquent on August 1.

More information is available at [www.revenue.ne.gov/PAD](http://www.revenue.ne.gov/PAD).

**Statutory Reference  
and Description**

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

**EXEMPTIONS**

The taxable value of exempt property (for example, governmental or permissive exempt) is not available. Due to the exempt status of the real property, the assessed value may not have been determined. The county assessor allocates time and resources to establishing the assessed values of taxable properties.

**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

|   |   |                                  |
|---|---|----------------------------------|
| <b>Section <a href="#">12-506</a></b>               | Property belonging to cemetery associations.  | NA                               |
| <b>Section <a href="#">12-517</a></b>               | Burial lots sold by a cemetery association for interment.   | NA                               |
| <b>Section <a href="#">14-812</a></b>               | Property belonging to metropolitan cities.  | NA                               |
| <b>Section <a href="#">14-1721</a></b>              | Property belonging to municipal parking authorities.  | NA                               |
| <b>Section <a href="#">14-1810</a></b>              | Property belonging to metropolitan transit authorities.   | NA                               |
| <b>Section <a href="#">15-844</a></b>               | Property belonging to primary class cities.   | NA                               |
| <b>Section <a href="#">21-2311</a></b>              | Property belonging to industrial development public corporations.   | NA                               |
| <b>Section <a href="#">23-35,117</a></b>            | Property belonging to hospital authorities.   | NA                               |
| <b>Section <a href="#">37-301</a></b>               | Property held by the Nebraska Game and Parks Commission.  | NA                               |
| <b>Section <a href="#">51-512</a></b>               | Property belonging to public museums.   | NA                               |
| <b>Section <a href="#">58-268</a></b>               | Property belonging to the Nebraska Investment Finance Authority.  | NA                               |
| <b>Section <a href="#">77-202(1)(a)&amp;(b)</a></b> | Property of Nebraska and its governmental subdivisions.   | NA                               |
| <b>Section <a href="#">77-202(1)(c)</a></b>         | Property owned by and used exclusively for agricultural and horticultural societies.  | NA                               |
| <b>Section <a href="#">77-202(1)(e)</a></b>         | Household goods and personal effects when not used for profit.  | NA                               |
| <b>Section <a href="#">77-202(2)</a></b>            | Increased value of land due to shade or ornamental trees planted along the highway.   | NA                               |
| <b>Section <a href="#">77-202(3)</a></b>            | Tangible personal property which is not depreciable.  | NA                               |
| <b>Section <a href="#">77-202(4)</a></b>            | Motor vehicles required to be registered for operation on the highways of Nebraska.   | NA                               |
| <b>Section <a href="#">77-202(5)</a></b>            | Business and agricultural inventory.  | NA                               |
| <b>Section <a href="#">77-202(6)</a></b>            | Any qualifying personal property conditions specified in the Employment and Investment Growth Act and the Beginning Farmer Act. | (See <a href="#">Section U</a> ) |
| <b>Section <a href="#">77-202(7)</a></b>            | Livestock.  | NA                               |

**Section [77-202\(8\)](#)**

Any qualifying personal property pursuant to the Nebraska Advantage Act.

(See [Section U](#))

**Section [77-202\(9\)](#)**

Any depreciable tangible personal property used directly in the generation of electricity using wind as the fuel source.

NA

**Section [77-202\(10\)](#)**

Any tangible personal property acquired by a person operating as a data center.

NA

**Section [77-202.24](#)**

A mobile home owned and occupied by a disabled or blind veteran.

NA

**Section [77-212](#)**

Space provided for supportive medical services to patients in hospitals is exempt from the in-lieu-of payment provided for in § [77-211](#).

NA

**Sections [77-4101](#), [77-4105](#), [77-5701](#), and [77-5725](#)**

(See [Section U](#))

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](#)**

NA

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

## 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 homestead exemptions. A homestead exemption is available to three categories of homeowners: (1) persons over age 65; (2) certain disabled individuals; or (3) certain totally disabled veterans and their widowers.

More information regarding the homestead exemption program and the property tax relief it provides for qualified homeowners is available at [www.revenue.ne.gov/PAD](http://www.revenue.ne.gov/PAD).

**The total tax expenditure for the State of Nebraska in FY 2010-11 was \$65,927,191.86.** One hundred percent was reimbursed to the counties by the State of Nebraska. The table on [page C6](#) lists the total homestead exemption to each county.

**Section [77-3507](#), [77.3508](#), and [77-3509](#)**

For homesteads valued at or below the maximum value as defined in § [77-3505.02](#), a percentage of the exempt amount defined in § [77-3501.01\(1\)](#), for claimants with household income as set out in the Nebraska Homestead Exemption [Information Guide](#) (2011 homestead exemption applications).

**Section [77-3501.01](#) Exempt amount, defined:**

(1) For purposes of § [77-3507](#), exempt amount means the lesser of (1a) the taxable value of the homestead, or (1b) 100% of the average assessed value of single-family residential property in the claimant's county of residence as determined in § [77-3506.02](#) or \$40,000, whichever is greater.

(2) For purposes of §§ [77-3508](#) and [77-3509](#), exempt amount means the lesser of (2a) the taxable value of the homestead, or (2b) 120% of the average assessed value of single-family residential property in the claimant's county of residence as determined in § [77-3506.02](#) or \$50,000, whichever is greater.

**Section [77-3505.02](#) Maximum value, defined:**

(1) For applicants eligible under § [77-3507](#), 200% of the average assessed value of single family residential property in the claimant's county of residence as determined in § [77-3506.02](#) or \$95,000, whichever is greater.

(2) For applicants eligible under §§ [77-3508](#) and [77-3509](#), 225% of the average assessed value of single-family residential property in the claimant's county of residence as determined in § [77-3506.02](#) or \$110,000, whichever is greater.

## PREFERENTIAL TAX RATES AND VALUATION

| Statutory Reference<br>and Description  | Actual Tax<br>Expenditure Cost<br>(NA = Not Available) |
|---|--|
| <b>Section <a href="#">18-2137</a></b><br>Whenever a city community redevelopment authority purchases or acquires real property pursuant to §§ <a href="#">18-2101 to 18-2144</a> , the authority must annually, so long as it continues to own this property, pay in lieu of taxes to the respective political subdivisions applicable to the property during the immediately preceding the purchase or acquisition of this real property.   | \$16,198 <sup>1</sup>                                  |
| <b>Section <a href="#">37-335</a></b><br>Whenever the Game and Parks Commission acquires title to private lands for wildlife management purposes, the Commission must annually make the same payments in lieu of taxes as were made by private landowners for the year prior to these acquisitions. Payments must be made to the county treasurer of the county in which the land is located.   | \$615,161 <sup>1</sup>                                 |
| <b>Section <a href="#">71-1590</a></b><br>Pursuant to § <a href="#">71-5190(2)</a> , a housing agency may agree to pay in lieu of taxes based upon the amount of property taxes that would have been levied for property if it was not exempt from taxation.  |  |
| <b>Section <a href="#">77-211</a></b><br>Pursuant to § <a href="#">77-211</a> , 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, must charge tenants a sufficient amount of rent so that a portion of the rent payments are 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. | \$25,508 <sup>1</sup>                                  |
| <b>Section <a href="#">77-1344</a></b><br>Land valued for agricultural use where actual value for other use would be higher.  | NA   |
| <b>Nebraska Constitution Article VIII, Section II</b><br>(§§ <a href="#">70-651.01 through 70-651.05</a> ) 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.  |  |

|                      |                           |
|----------------------|---------------------------|
| 1957 fixed:          | \$1,045,352 <sup>1</sup>  |
| 5% gross revenue:    | \$38,041,578 <sup>1</sup> |
| City occupation tax: | \$322,775 <sup>1</sup>    |

<sup>1</sup>These amounts are the in lieu of taxes paid as reported by county assessors on the 2011 Certificate of Taxes Levied Report.

## FY 2010-11 HOMESTEAD EXEMPTION REIMBURSEMENT

|           |                |                    |                        |
|-----------|----------------|--------------------|------------------------|
| ADAMS     | \$1,226,947.44 | JEFFERSON          | \$303,413.40           |
| ANTELOPE  | 219,532.88     | JOHNSON            | 214,496.50             |
| ARTHUR    | 8,389.88       | KEARNEY            | 216,079.28             |
| BANNER    | 14,831.80      | KEITH              | 426,029.16             |
| BLAINE    | 6,376.56       | KEYA PAHA          | 17,183.48              |
| BOONE     | 174,206.00     | KIMBALL            | 148,960.60             |
| BOX BUTTE | 332,709.20     | KNOX               | 301,158.32             |
| BOYD      | 63,631.88      | LANCASTER          | 9,075,599.46           |
| BROWN     | 134,218.64     | LINCOLN            | 1,527,240.54           |
| BUFFALO   | 1,603,192.18   | LOGAN              | 16,847.18              |
| BURT      | 384,950.06     | LOUP               | 12,435.13              |
| BUTLER    | 262,955.42     | MADISON            | 1,256,222.50           |
| CASS      | 1,089,595.42   | MCPHERSON          | 9,662.32               |
| CEDAR     | 343,448.09     | MERRICK            | 308,112.72             |
| CHASE     | 133,634.36     | MORRILL            | 178,725.18             |
| CHERRY    | 189,465.76     | NANCE              | 138,029.37             |
| CHEYENNE  | 379,947.22     | NEMAHA             | 241,899.90             |
| CLAY      | 201,975.14     | NUCKOLLS           | 153,708.64             |
| COLFAX    | 365,252.86     | OTOE               | 778,616.50             |
| CUMING    | 335,871.37     | PAWNEE             | 99,594.52              |
| CUSTER    | 423,988.80     | PERKINS            | 102,115.54             |
| DAKOTA    | 611,727.86     | PHELPS             | 324,079.94             |
| DAWES     | 341,288.74     | PIERCE             | 363,272.88             |
| DAWSON    | 736,713.04     | PLATTE             | 1,132,067.76           |
| DEUEL     | 75,481.24      | POLK               | 211,969.66             |
| DIXON     | 217,822.24     | RED WILLOW         | 356,187.16             |
| DODGE     | 1,883,244.66   | RICHARDSON         | 300,477.28             |
| DOUGLAS   | 18,683,816.92  | ROCK               | 46,392.08              |
| DUNDY     | 34,494.86      | SALINE             | 596,079.76             |
| FILLMORE  | 184,780.36     | SARPY              | 4,383,745.98           |
| FRANKLIN  | 127,095.47     | SAUNDERS           | 1,221,283.82           |
| FRONTIER  | 104,558.60     | SCOTTS BLUFF       | 1,772,836.06           |
| FURNAS    | 142,341.22     | SEWARD             | 651,990.02             |
| GAGE      | 1,210,221.66   | SHERIDAN           | 172,541.76             |
| GARDEN    | 77,432.66      | SHERMAN            | 140,685.74             |
| GARFIELD  | 71,214.28      | SIOUX              | 19,912.06              |
| GOSPER    | 96,405.16      | STANTON            | 197,904.62             |
| GRANT     | 15,554.08      | THAYER             | 169,087.22             |
| GREELEY   | 101,715.22     | THOMAS             | 28,001.70              |
| HALL      | 2,253,180.62   | THURSTON           | 113,705.52             |
| HAMILTON  | 323,932.80     | VALLEY             | 205,343.52             |
| HARLAN    | 103,185.79     | WASHINGTON         | 997,041.31             |
| HAYES     | 22,512.08      | WAYNE              | 274,960.12             |
| HITCHCOCK | 93,974.42      | WEBSTER            | 160,590.62             |
| HOLT      | 366,951.94     | WHEELER            | 8,976.19               |
| HOOKER    | 29,890.92      | YORK               | 405,037.90             |
| HOWARD    | 342,233.14     | <b>STATE TOTAL</b> | <b>\$65,927,191.86</b> |

### RECOMMENDATIONS

The Nebraska Department of Revenue has no recommendations.