

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 for which the Property Tax Administrator is statutorily responsible for determining a taxable valuation each year. Companies owning or leasing operating property are required to furnish information annually, on prescribed forms, to the Property Tax Administrator. “Taxable value” is defined as actual value for real property, franchise, 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](#), et. al., requires 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 determines 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% on track mileage and 50% on traffic density. The value per mile of main track must equal twice the value per mile of side track. The apportioned value is certified by the Property Tax Administrator to the county assessor for assessment and tax collection.

Public Service Entities

Neb. Rev. Stat. § [77-801](#), et. al., requires 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 determines 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 county assessor for assessment and tax collection at the local government level.

Car Line Companies

Neb. Rev. Stat. § [77-679](#), et. al., requires the assessment and taxation of car line companies. A “car line company” means 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 determines the total taxable value (i.e., net book personal property value) of the car line company cars attributable to Nebraska. The Property Tax Administrator must 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 which are remitted, less a 3% collection fee, to the State Treasurer for distribution to the counties.

The car line taxes are distributed among the various taxing subdivisions in proportion to all railroad taxes levied pursuant to § [77-684](#).

The collection fee is remitted to the State Treasurer for credit to the Nebraska Department of Revenue Property Assessment Division Cash Fund.

Air Carrier Flight Equipment

Neb. Rev. Stat. § [77-1245](#), et. al., requires the assessment and taxation of air carriers. An “air carrier” means any person, firm, or assignee engaged in interstate carriage of persons or cargo for hire by company or corporate aircraft. The Property Tax Administrator determines 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 must 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 which are remitted, 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 in proportion 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 Nebraska Department of Revenue Property Assessment Division Cash Fund.

Statutory Reference And Description	Actual Tax Expenditure Cost (NA = Not Available)
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EXEMPTIONS

Section [77-202\(1\)](#)

Governmental Subdivisions and Nonprofit Organizations	NA
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Section [77-4105](#) and/or Section [77-5725](#)

Railroad Personal Property	\$0 ¹
Public Service Entity Personal Property	\$0 ¹
Air Carrier Flight Equipment	\$0 ¹

¹Based on tax year 2011 net book taxable personal property value exempted, multiplied by the state’s average tax rate for 2011.

DEDUCTIONS

Section [77-684](#)

Car line companies collection fee	\$145,069 ²
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Section [77-1250](#)

Air carriers collection fee	\$36,140 ²
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²Based on tax year 2011 net book taxable personal property of car line companies and air carriers; the 3% collection fee retained by the state as a credit to the Department of Revenue Property Assessment Division Cash Fund. (Tax year 2011 taxes are collected during 2012.)

RECOMMENDATIONS

The Nebraska Department of Revenue has no recommendations.