

Car Line Companies and Air Carriers

Overview

Rail cars (for example, open hoppers, tanks, gondolas) traveling through the State of Nebraska are subject to Nebraska net book personal property tax. Rail cars that are owned by railroad companies are considered rolling stock and are included in the railroad's centrally assessed value. Rail cars that are owned by companies other than the railroads are required to file the [Private Car Line Company Report and Schedule, Form 44](#) annually with the Property Tax Administrator.

Airplanes (for example, flight equipment, seats, engines) landing in the State of Nebraska are also subject to Nebraska net book personal property tax. Airplanes traveling only in Nebraska (intrastate), and whose flight equipment is based in one airport, are subject to local assessment by the county assessor. Airplanes that are owned by companies that are in the business of transporting people or cargo for hire, travel outside the State of Nebraska (interstate), and use more than one airport, are required to file the [Nebraska Air Carrier Annual Report and Schedule, Form 40](#) annually with the Property Tax Administrator.

This guide is intended for companies that are required to file annually with the Property Tax Administrator, to provide information on the method and process by which personal property is assessed.

This guidance document is advisory in nature but is binding on the Nebraska Department of Revenue (Department) until amended. A guidance document does not include internal procedural documents that only affect the internal operations of the Department and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

This information guide may change with updated information or added examples. The Department recommends you do not print this guide. Instead, sign up for the subscription service at revenue.nebraska.gov/PAD to get updates on your topics of interest.

Terms

Air Carrier. An air carrier is any entity engaged in the transportation of persons or cargo for hire by aircraft.

Car Line Company. A car line company is any entity other than a railroad company that owns or operates rail cars traveling through, in, or into the State of Nebraska.

Interstate Air Carrier. An interstate air carrier is any air carrier engaged in transportation between or among states.

Intrastate Air Carrier. An intrastate air carrier is any air carrier engaged in transportation solely within Nebraska, and whose flight equipment is based at only one airport within the state.

Nebraska Net Book Value. In Nebraska, net book value of property for taxation purposes is that portion of the Nebraska adjusted basis of the property as of the assessment date for the recovery period required by Nebraska's statutes.

Revenue Tons. Revenue tons is the weight (in tons) of passengers and cargo transported by the air carrier for hire.

Car Line Assessment and Allocation

The Property Tax Administrator is responsible for assessment of rail cars owned by car line companies. The assessment date is January 1, 12:01 a.m., and is based on the value as of December 31 of the preceding year.

On or before June 1 each year, all car line companies must complete the [Form 44](#) and timely file it with the Property Tax Administrator. Upon written request, and for good cause shown, the Property Tax Administrator may allow up to a 30-day extension of time to file the statutorily-required reports.

The Tax Commissioner may assess a penalty of \$100 per day (up to \$10,000) for failure or refusal to furnish requested information. Upon written request, the Tax Commissioner may waive the penalty in whole, or in part, for good cause shown.

Rail cars are tangible personal property and are subject to assessment based on their Nebraska net book value. The recovery period is seven years.

Required information on the Form 44 includes, but is not limited to:

- ❖ The aggregate number of miles traveled by each class of cars in Nebraska during the preceding year ending December 31;
- ❖ The aggregate number of miles traveled by each class of cars system-wide during the preceding year ending December 31;
- ❖ The total number of each type of cars;
- ❖ The net book value of cars; and
- ❖ The number of cars required to travel the total mileage in this state.

Allocation of Taxable Value to Nebraska

The allocation to Nebraska is based on miles traveled in Nebraska vs. miles traveled system-wide. The Property Tax Administrator can alter the allocation factors if the factors do not result in a fair and reasonable allocation of value.

A car line company requesting the Property Tax Administrator to consider the use of a time/speed study must submit the study on or before June 1. An approved time/speed study will be applicable for three years. The use of the time/speed study may be extended beyond three years if the car line company provides information that indicates, to the satisfaction of the Property Tax Administrator, that the study continues to reflect traffic patterns in the state.

A time/speed study includes the departure and arrival time between two determined points, and the total miles traveled. From this data, the average miles per hour, per day, and consequently per year, are determined for each car type. The yearly miles are then divided by the company's reported state total miles to convert them to the number of cars to be factored from the company's total cars.

Air Carrier Assessment and Allocation

All intrastate air carriers will be assessed by the county assessor for the county in which the air carrier property has situs. The Property Tax Administrator is responsible for assessment of the flight equipment of interstate air carriers. The assessment date is January 1, 12:01 a.m., and is based on the value as of December 31 of the preceding year.

On or before June 1 each year, all air carriers must complete the [Form 40](#) and timely file it with the Property Tax Administrator. Upon written request, and for good cause shown, the Property Tax Administrator may allow up to a 30-day extension of time to file the statutorily-required reports.

The Tax Commissioner may assess a penalty of \$100 per day (up to \$10,000) for failure or refusal to furnish requested information. Upon written request, the Tax Commissioner may waive the penalty in whole, or in part, for good cause shown.

Flight equipment is tangible personal property and is subject to assessment on its Nebraska net book value. The recovery period is seven years.

Required information on Form 40 includes, but is not limited to:

- ❖ The number of arrivals/departures in Nebraska and the aggregate number of arrivals/departures system-wide by each type of plane during the preceding year ending December 31;
- ❖ The number of revenue tons in Nebraska and the aggregate number of revenue tons system-wide by each type of plane during the preceding year ending December 31;
- ❖ The number of originating revenue in Nebraska and the aggregate number of originating revenue system-wide by each type of plane during the preceding year ending December 31;
- ❖ The total number of each type of plane; and
- ❖ The original cost and additions of flight equipment.

Assessment of Other Air Carrier Property

An air carrier is required to file a local personal property return with the county assessor for property other than flight equipment in the county where the property is located. The filing date for personal property subject to local assessment is May 1 each year.

Allocation of Taxable Value to Nebraska

The allocation to Nebraska is based on the average of three factors:

- 1 Arrivals and departures;
- 2 Revenue tons; and
- 3 Originating revenue.

The Property Tax Administrator can alter the allocation if these factors do not result in a fair and reasonable allocation of value.

Equalization of Taxable Value for Car Line and Air Carrier Property

Nebraska follows the federal laws under the Railroad Revitalization and Reform Act of 1976 (4-R Act) and the Tax Equity and Fiscal Responsibility Act (TEFRA) for assessing car line and air carrier property respectively. Nebraska statutes provide for an equalization adjustment of the taxable value of car line and air carrier property, based on federal laws. Nebraska determines a state ratio for taxable personal property compared to an estimated market value of taxable personal property. A ratio is also determined for each company's taxable personal property compared to the company's market value of personal property. If the company's ratio exceeds the state's ratio by more than five percent, the company's taxable value may be adjusted to the state's ratio.

Tax Statements/Payments

The Property Tax Administrator must send a tax due statement on or before January 31 following the year of assessment.

The Property Tax Administrator determines the state average tax rate on or before January 15 each year. The state average tax rate is equal to the total property taxes levied in the state divided by the total taxable value of all taxable property in the state as certified by the county assessors on the Certificate of Taxes Levied Report. The state average tax rate is applied to the taxable value of car line companies and air carriers to determine the total taxes due.

Car line company and air carrier taxes are due and payable January 31. One half of the property taxes become delinquent on March 1, and the second half becomes delinquent on July 1.

The Property Tax Administrator collects the tax, retains a three percent collection fee, and remits the balance to the State Treasurer for distribution to the counties.

If taxes and interest are not paid by July 1, the Tax Commissioner can collect the tax by issuing a distress warrant to compel payment of the tax. This can include selling any property belonging to the delinquent car line company or air carrier to collect the tax and interest. In this case, a lien and distress warrant will be issued by the Tax Commissioner against the company's money and credit, in favor of the State of Nebraska until the liability is paid or settled.

Distribution of Car Line and Air Carrier Taxes

The Property Tax Administrator is responsible for distribution of the car line and air carrier taxes, certified to the State Treasurer and counties. The car line company tax is distributed among the taxing subdivisions in proportion to all railroad taxes levied by taxing subdivisions. The air carrier tax is distributed to the credit of the county general fund proportionate to the amount of each county's total property taxes levied compared to the total property taxes levied in the state. The taxes levied information for the distribution formulas is based on the Certificate of Taxes Levied Reports as certified by the county assessors.

Appeals

If a car line company or air carrier does not agree with the valuation or method of allocation established by the Property Tax Administrator, a car line company or air carrier may file a written appeal with the Tax Commissioner on or before February 15.

The Tax Commissioner will issue a written order on the appeal. A copy of the order will be mailed to the car line company or air carrier within seven days after the date of the order.

If a car line or air carrier does not agree with the Tax Commissioner's order, a car line company or air carrier may file an appeal with the Tax Equalization and Review Commission within 30 days after the date of the Tax Commissioner's order.

Resource List:

- ❖ [Form 44, Private Car Line Company Report and Schedule](#)
- ❖ [Form 40, Nebraska Air Carrier Annual Report and Schedule](#)
- ❖ [Calendar for Centrally Assessed Air Carriers and Car Line Companies](#)
- ❖ [Car Lines Statutes: Neb. Rev. Stat. §§ 77-679 to 77-693](#)
- ❖ [Air Carriers Statutes: Neb. Rev. Stat. §§ 77-1244 to 77-1250.05](#)
- ❖ [Nebraska Administrative Code 350, Chapter 30 – Property Valued by the State \(Centrally Assessed\), Nebraska Department of Revenue](#)

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