

BASIC PROVISIONS AND TAX BASE OF THE NEBRASKA PROPERTY TAX LAWS

Generally, the State of Nebraska provides for taxation of all real property on an ad valorem basis unless specifically exempt. Depreciable tangible personal property, except licensed motor vehicles, with a Nebraska net book value greater than zero is taxable unless specifically exempt. The property tax is the main source of revenue for local governmental units. The local taxing entities are reimbursed for funds lost through homestead exemptions.

The law requires that all real property, except agricultural and horticultural land, be valued at actual value and assessed at 100 percent of actual value. Actual value means the market value of property in the ordinary course of trade. Actual value may be determined using professionally accepted mass appraisal techniques, including but not limited to: (1) comparison with sales of properties of known or recognized value, taking into account location, zoning, and current functional use; (2) earning capacity of the property; and (3) reproduction cost less depreciation.

In 1990, Nebraska voters passed a constitutional amendment which allows the Legislature to value agricultural and horticultural land in a manner different than residential and commercial properties. This allows agricultural and horticultural land to be valued at less than actual value. Using a market approach to value, agricultural and horticultural land is required to be valued at approximately 80 percent of market value.

In 1992, Nebraska voters passed another constitutional amendment separating tangible personal property from real property under the Nebraska Constitution's uniformity clause. Personal property must be uniform within the class of personal property, but does not have to be uniform with real property. Depreciable tangible personal property is required to be assessed at its net book value.

Tax rates are determined by dividing the total property tax requirement in the budget of each subdivision (e.g., counties, cities, school districts, SID's, etc.) by the total valuation of each subdivision. These tax rates are then multiplied by the assessed value of each individual property. The consolidated tax rate applied to any particular piece of property is the total tax rate of all taxing entities in which that particular piece of property is located.

The county assessor has the primary responsibility for valuing property for tax purposes. In a number of counties, that responsibility has been transferred by the local county board to the Property Tax Division. Railroads, public service entities, car companies, and air carrier flight equipment are centrally assessed by the Property Tax Division.

PROPERTY TAX

Statutory Reference and Description

Actual or Estimated
Tax Expenditure Cost
NA = Not Available

EXEMPTIONS

2-4243 Property belonging to the Conservation Corporation.	NA
3-209 Airports and landing fields acquired by a municipality.	NA
3-511 Property belonging to city airport authorities.	NA
3-621 Property belonging to county airport authorities.	NA
3-714 Property belonging to joint airport authorities.	NA
12-506 Property belonging to cemetery associations.	NA
12-517 Burial lots sold by a cemetery association for interment.	NA
14-812 Property belonging to metropolitan cities.	NA
14-1721 Property belonging to municipal parking authorities.	NA
14-1810 Property belonging to metropolitan transit authorities.	NA
15-844 Property belonging to primary class cities.	NA
18-2137 Property belonging to redevelopment authorities.	NA

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
21-2311	Property belonging to industrial development public corporations.	NA
23-343.117	Property belonging to hospital authorities.	NA
46-267	All ditches, canals, laterals, or other works used for irrigation purposes.	NA
51-512	Property belonging to public museums.	NA
58-268	Property belonging to the Nebraska Investment Finance Authority.	NA
58-324	Property belonging to the Small Business Development Authority.	NA
77-202(1)(a)	Property of the state and its governmental subdivisions.	NA
77-202(1)(b)	Property owned by and used exclusively for agricultural and horticultural societies.	NA
77-202(1)(c)	Property owned by educational, religious, charitable, or cemetery organizations and used for such purposes.	NA
77-202(1)(d)	Household goods and personal effects when such property is not used for profit.	NA
77-202(2)	Increased value of land due to shade or ornamental trees planted along the highway.	NA
77-202(3)	Tangible personal property which is not depreciable. Tangible personal property used in a trade or business or to produce income.	NA
77-202(4)	Motor vehicles paying a registration fee in lieu of property taxes.	NA

77-202(5)

Business and agricultural inventory.

NA

77-202(6)

Any qualifying personal property pursuant to subsection 2 of section 77-4105, shall be exempt from personal property tax under conditions specified in the “Employment and Investment Growth Act” (LB775, as amended by LB1234) (see explanation below).

(See separate section)

77-4101 (Employment and Investment Growth Act - LB775, as amended by LB1234)

A taxpayer’s business may qualify for tax incentives under the Employment and Investment Growth Act if the business plans result in either (a) the investment in a qualified property of at least \$3,000,000 and the hiring of at least 30 new employees, or (b) the investment in qualified property of at least \$10,000,000 and the hiring of at least 100 new employees, or (c) the investment in qualified property of at least \$20,000,000.

7-202.24

Mobile home and one motor vehicle owned by a disabled or blind veteran.

NA

77-212

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

NA

77-3507

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:

(See Note)

Household Income (\$)	Percentage of Relief
0 through 19,800.99	100
19,801 through 20,800.99	85
20,801 through 21,800.99	70
21,801 through 22,900.99	55
22,901 through 23,900.99	40
23,901 through 24,900.99	25
24,901 and over	0

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 17,000.99	100
17,001 through 17,800.99	85
17,801 through 18,700.99	70
18,701 through 19,500.99	55
19,501 through 20,300.99	40
20,301 through 21,100.99	25
21,101 and over	0.

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 21,700.99	100
21,701 through 22,800.99	85
22,801 through 23,800.99	70
23,801 through 24,800.99	55
24,801 through 25,800.99	40
25,801 through 26,900.99	25
26,901 and over	0

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:

Household Income (\$)	Percentage of Relief
0 through 19,100.99	100
19,101 through 19,900.99	85
19,901 through 20,700.99	70
20,701 through 21,500.99	55
21,501 through 22,400.99	40
22,401 through 23,200.99	25
23,201 and over	0

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 21,700.99	100
21,701 through 22,800.99	85
22,801 through 23,800.99	70
23,801 through 24,800.99	55
24,801 through 25,800.99	40
25,801 through 26,900.99	25
26,901 and over	0

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 19,100.99	100
19,101 through 19,900.99	85
19,901 through 20,700.99	70
20,701 through 21,500.99	55
21,501 through 22,400.99	40
22,401 through 23,200.99	25
23,201 and over	0

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:

Household Income (\$)	Percentage of Relief
0 through 21,700.99	100
21,701 through 22,800.99	85
22,801 through 23,800.99	70
23,801 through 24,800.99	55
24,801 through 25,800.99	40
25,801 through 26,900.99	25
26,901 and over	0

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 unremarried widow or widower of such veteran** with household income as set out below:

Household Income (\$)	Percentage of Relief
0 through 19,100.99	100
19,101 through 19,900.99	85
19,901 through 20,700.99	70
20,701 through 21,500.99	55
21,501 through 22,400.99	40
22,401 through 23,200.99	25
23,201 and over	0

81-805

Property held by the Nebraska Game and Parks Commission.

NA

Note: The total tax loss for the State of Nebraska in 1997 was \$35,095,569.89. One hundred percent was reimbursed to the counties by the State of Nebraska. The table on page B9 lists the total tax loss for each county.

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) eighty 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 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.

77-3505.02 Maximum value, defined:

Maximum value shall mean: (1) For applicants eligible under section 77-3507, one hundred fifty 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, one hundred seventy-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	Estimated Tax Expenditure Cost NA = Not Available
37-110 Whenever the Game and Parks Commission acquires title to private lands for wild life 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.	NA
77-1344 Land valued for agricultural use where actual value for other use would be higher.	NA
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.	NA

1997 HOMESTEAD EXEMPTION REIMBURSEMENT

ADAMS	\$698,219.30	JEFFERSON	\$315,531.58
ANTELOPE	249,547.19	JOHNSON	184,100.45
ARTHUR	5,590.56	KEARNEY	108,135.69
BANNER	2,341.59	KEITH	226,256.81
BLAINE	6,550.57	KEYA PAHA	16,469.82
BOONE	175,893.22	KIMBALL	109,237.74
BOX BUTTE	239,258.77	KNOX	339,291.58
BOYD	71,317.04	LANCASTER	4,447,298.44
BROWN	123,276.73	LINCOLN	806,177.41
BUFFALO	610,270.56	LOGAN	19,139.97
BURT	288,724.84	LOUP	17,874.59
BUTLER	209,887.50	MADISON	682,179.48
CASS	576,749.59	MCPHERSON	7,149.55
CEDAR	284,708.60	MERRICK	204,031.20
CHASE	101,844.11	MORRILL	148,074.76
CHERRY	166,784.76	NANCE	131,284.01
CHEYENNE	218,558.48	NEMAHA	216,663.52
CLAY	156,135.19	NUCKOLLS	153,712.16
COLFAX	290,287.04	OTOE	440,053.22
CUMING	238,520.80	PAWNEE	104,907.44
CUSTER	330,196.02	PERKINS	68,001.65
DAKOTA	326,348.98	PHELPS	195,755.82
DAWES	265,231.30	PIERCE	292,767.16
DAWSON	532,036.17	PLATTE	652,136.92
DEUEL	60,466.22	POLK	121,596.74
DIXON	193,311.59	RED WILLOW	231,522.04
DODGE	806,732.24	RICHARDSON	334,499.15
DOUGLAS	7,816,900.04	ROCK	61,397.68
DUNDY	57,066.97	SALINE	356,698.98
FILLMORE	166,720.42	SARPY	1,343,086.83
FRANKLIN	131,336.04	SAUNDERS	542,882.69
FRONTIER	53,836.46	SCOTTS BLUFF	924,195.35
FURNAS	157,832.47	SEWARD	373,797.62
GAGE	756,147.29	SHERIDAN	165,795.90
GARDEN	64,869.56	SHERMAN	140,426.10
GARFIELD	84,918.25	SIOUX	20,641.03
GOSPER	52,494.17	STANTON	138,213.50
GRANT	10,039.00	THAYER	195,281.87
GREELEY	91,113.17	THOMAS	12,985.66
HALL	1,328,434.62	THURSTON	91,032.66
HAMILTON	157,391.26	VALLEY	201,633.52
HARLAN	118,873.19	WASHINGTON	416,400.52
HAYES	14,245.72	WAYNE	190,502.87
HITCHCOCK	77,827.75	WEBSTER	165,316.24
HOLT	281,201.45	WHEELER	8,823.09
HOOKER	28,009.31	YORK	305,308.76
HOWARD	189,254.02	STATE TOTAL	\$35,095,569.89

PROPERTY TAX RECOMMENDATIONS

The taxable value of some of the exempt property is not available because counties are not required to value them. There is no accurate method to estimate the value of exempt properties that have never been valued by the county assessors, where the actual value is not reported, or where a current valuation is not available.

If the Legislature desires accurate and up-to-date values for exempt properties, we recommend that the county assessors be required to list and value these properties on a yearly basis. They could, at least, be requested to value exempt property periodically. For example, the State of Minnesota requires county assessors to value exempt property every six years. They then could compute a tax loss and certify the amounts to the Nebraska Department of Revenue.

Presently, all property owned by the state and its political subdivisions is exempt from taxation regardless of the use of the property. There are situations in Nebraska where the land is owned by the state or a subdivision, but it is being used for other than governmental purposes. An example is a building erected on government property which is leased to private enterprises. We suggest, in these situations, that the property pay a property tax on the real property.

Property owners are acutely aware of their burden and that new exemptions increase the burden on the remaining taxable property.