

## **Section B**

# **Nebraska Department of Property Assessment and Taxation, 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, shall be valued as of January 1, 12:01 a.m., of each year.

The 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 mass appraisal techniques, including but not limited to the following: (1) comparing sales of similar properties; (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 percent declining balance depreciation schedules. Personal property is assessed at 100 percent of actual value, except agricultural and horticultural land is assessed at or near 80 percent of actual value, and agricultural and horticultural land receiving special valuation pursuant to section 77-1344 is assessed at or near 80 percent of its special value which is the value of the land for agricultural and horticultural purposes. Pursuant to 2006 Neb. Laws LB 968, beginning January 1, 2007, agricultural and horticultural land shall be assessed at or near 75 percent of actual value, and agricultural and horticultural land receiving special valuation pursuant to section 77-1344 shall be assessed at or near 75 percent of its special value which is the value of the land for agricultural and horticultural purposes.

Between January 1 and March 19 of each year, the assessor updates and revises the real property assessment roll and files an abstract report with the Property Tax Administrator. Between early April and May 15 the Tax Equalization and Review Commission has the authority to adjust by a percentage the valuation of classes or subclasses or 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 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 Review and Equalization Commission.

Personal property is self reported by the taxpayer, on or before May 1. If the 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 equalizes 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 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 dollars 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 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 is delinquent on April 1 and the second half becomes delinquent on August 1.

For more information regarding property assessment and taxation please refer to our Web site, <http://pat.nol.org>.

## 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 the homestead exemptions. A homestead exemption is available to three groups of persons: (1) persons over age 65; (2) certain disabled individuals; or (3) certain disabled veterans and their widow(er)s. An additional provision was added to the definition of a veteran. Veterans may now be discharged or otherwise separated with a characterization of **honorable or general (under honorable conditions)**.

For a detailed description of the homestead exemption program and the property tax relief it provides for qualified taxpayers please refer to the information guide (2-618-92 Rev. 12-2005). A hard copy of this guide can be obtained from the Nebraska Department of Revenue or printed off the Internet. The Web site is [www.revenue.ne.gov](http://www.revenue.ne.gov).

## PROPERTY TAX

Statutory Reference and Description	Actual or Estimated Tax Expenditure Cost NA = Not Available
<b>EXEMPTIONS</b>	
<b>2-4243</b> Property belonging to the Conservation Corporation.	NA
<b>3-209</b> Airports and landing fields acquired by a municipality.	NA
<b>3-511</b> Property belonging to city airport authorities.	NA
<b>3-621</b> Property belonging to county airport authorities.	NA
<b>3-714</b> Property belonging to joint airport authorities.	NA
<b>12-506</b> Property belonging to cemetery associations.	NA
<b>12-517</b> Burial lots sold by a cemetery association for interment.	NA
<b>14-812</b> Property belonging to metropolitan cities.	NA
<b>14-1721</b> Property belonging to municipal parking authorities.	NA

<b>14-1810</b>	Property belonging to metropolitan transit authorities.	NA
<b>15-844</b>	Property belonging to primary class cities.	NA
<b>21-1903</b>	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
<b>21-2311</b>	Property belonging to industrial development public corporations.	NA
<b>23-35,117</b>	Property belonging to hospital authorities.	NA
<b>37-301</b>	Property held by the Nebraska Game and Parks Commission.	NA
<b>51-512</b>	Property belonging to public museums.	NA
<b>58-268</b>	Property belonging to the Nebraska Investment Finance Authority.	NA
<b>58-324</b>	Property belonging to the Small Business Development Authority.	NA
<b>77-202(1)(a)</b>	Property of the state and its governmental subdivisions.	NA
<b>77-202(1)(b)</b>	Property owned by and used exclusively for agricultural and horticultural societies.	NA
<b>77-202(1)(c)</b>	Property owned by educational, religious, charitable, or cemetery organizations and used for such purposes.	NA
<b>77-202(1)(d)</b>	Household goods and personal effects when such property is not used for profit.	NA
<b>77-202(2)</b>	Increased value of land due to shade or ornamental trees planted along the highway.	NA
<b>77-202(3)</b>	Tangible personal property which is not depreciable. Tangible personal property used in a trade or business or to produce income.	NA
<b>77-202(4)</b>	Motor vehicles paying a registration fee in-lieu-of property taxes.	NA
<b>77-202(5)</b>	Business and agricultural inventory.	NA
<b>77-202(6)</b>	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 section V)
<b>7-202.24</b>	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

**77-4101, 77-4105, 77-5701, and 77-5725(7) (Employment and Investment Growth Act - LB775, as amended by LB1234 and the Nebraska Advantage Act 2006, Neb. Laws LB 312)**

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.

(See section V)

**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 26,250.99	100
26,251 through 27,650.99	85
27,651 through 29,050.99	70
29,051 through 30,450.99	55
30,451 through 31,850.99	40
31,851 through 33,250.99	25
33,251 and over	0

**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 a **single claimant 65 years of age or over** with household income as set out below:

(See Note)

Household Income	Percentage of Relief
\$0 through 22,400.99	100
22,401 through 23,550.99	85
23,551 through 24,700.99	70
24,701 through 25,900.99	55
25,901 through 27,050.99	40
27,051 through 28,200.99	25
28,201 and over	0

**77-3508(1)(a)**

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:

(See Note)

Household Income	Percentage of Relief
\$0 through 28,800.99	100
28,801 through 30,200.99	85
30,201 through 31,600.99	70
31,601 through 33,000.99	55
33,001 through 34,400.99	40
34,401 through 35,800.99	25
35,801 and over	0

**77-3508(1)(a)**

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:

(See Note)

An additional provision was added to the definition of a veteran. Veterans may now be discharged or otherwise separated with a characterization of honorable or general (under honorable conditions).

Household Income	Percentage of Relief
\$0 through 25,200.99	100
25,201 through 26,350.99	85
26,351 through 27,500.99	70
27,501 through 28,700.99	55
28,701 through 29,850.99	40
29,851 through 31,000.99	25
31,001 and over	0

**77-3508(1)(b)(c)(d)(e)**

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:

(See Note)

Household Income	Percentage of Relief
\$0 through 28,800.99	100
28,801 through 30,200.99	85
30,201 through 31,600.99	70
31,601 through 33,000.99	55
33,001 through 34,400.99	40
34,401 through 35,800.99	25
35,801 and over	0

**77-3508(1)(b)(c)(d)(e)**

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:

(See Note)

Household Income	Percentage of Relief
\$0 through 25,200.99	100
25,201 through 26,350.99	85
26,351 through 27,500.99	70
27,501 through 28,700.99	55
28,701 through 29,850.99	40
29,851 through 31,000.99	25
31,001 and over	0

**77-3509**

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:

(See Note)

An additional provision was added to the definition of a veteran. Veterans may now be discharged or otherwise separated with a characterization of honorable or general (under honorable conditions).

Household Income	Percentage of Relief
\$0 through 28,800.99	100
28,801 through 30,200.99	85
30,201 through 31,600.99	70
31,601 through 33,000.99	55
33,001 through 34,400.99	40
34,401 through 35,800.99	25
35,801 and over	0

**77-3509**

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

(See Note)

An additional provision was added to the definition of a veteran. Veterans may now be discharged or otherwise separated with a characterization of honorable or general (under honorable conditions).

Household Income	Percentage of Relief
\$0 through 25,200.99	100
25,201 through 26,350.99	85
26,351 through 27,500.99	70
27,501 through 28,700.99	55
28,701 through 29,850.99	40
29,851 through 31,000.99	25
31,001 and over	0

**Note: The total tax loss for the state of Nebraska in FY 2005-06 was \$53,860,684.** One hundred percent was reimbursed to the counties by the state of Nebraska. The table on page B8 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	Actual Tax Expenditure Cost NA = Not Available
<b>18-2137</b> Whenever a city community redevelopment authority purchases or acquires real property pursuant to sections 18-2101 to 18-2144, the authority shall annually, so long as it shall continue to own such property, pay in-lieu-of taxes to the respective political subdivisions applicable to the property during the immediately preceding the purchase or acquisition of such real property.	\$0.00

**37-335**

Whenever the Game and Parks Commission acquires title to private lands for wildlife 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.

\$447,306\*

**71-1590**

Pursuant to section 71-5190(2), a housing agency may agree to make payments in-lieu-of all 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 the same were not exempt from taxation.

\$461,926\*

**77-211**

Pursuant to section 77-211, 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 shall charge such tenants a sufficient amount of rent so that a portion of the rent payments shall be 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 the same were not exempt from taxation.

\$16,837\*

**77-1344**

Land valued for agricultural use where actual value for other use would be higher.

NA

**Nebraska Constitution 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.

\$1,062,167\*

1957 fixed

\$26,002,395\*

5% gross revenue

\* These amounts are the in-lieu-of taxes paid as reported on the 2005 Certificates of Taxes Levied Report.

**FY 2005-06 HOMESTEAD EXEMPTION REIMBURSEMENT**

ADAMS.....	\$1,037,213	JEFFERSON .....	\$ 317,006
ANTELOPE .....	227,503	JOHNSON .....	229,136
ARTHUR.....	7,535	KEARNEY.....	146,851
BANNER.....	14,675	KEITH.....	300,552
BLAINE.....	7,768	KEYA PAHA .....	16,473
BOONE .....	165,248	KIMBALL .....	118,977
BOX BUTTE.....	294,057	KNOX .....	340,428
BOYD.....	68,210	LANCASTER.....	7,845,621
BROWN .....	132,904	LINCOLN .....	1,060,187
BUFFALO .....	1,141,713	LOGAN .....	12,636
BURT .....	323,289	LOUP .....	13,390
BUTLER .....	249,281	MADISON .....	939,864
CASS.....	823,621	MCPHERSON .....	9,134
CEDAR .....	306,734	MERRICK .....	270,535
CHASE.....	110,753	MORRILL.....	141,789
CHERRY .....	129,659	NANCE .....	142,290
CHEYENNE .....	284,214	NEMAHA .....	214,654
CLAY .....	188,127	NUCKOLLS.....	152,000
COLFAX .....	337,896	OTOE.....	665,044
CUMING .....	328,388	PAWNEE .....	108,290
CUSTER .....	346,671	PERKINS.....	91,609
DAKOTA .....	537,471	PHELPS.....	245,466
DAWES .....	276,561	PIERCE.....	252,654
DAWSON.....	500,271	PLATTE.....	1,022,263
DEUEL .....	65,920	POLK .....	177,957
DIXON .....	209,596	RED WILLOW.....	313,576
DODGE .....	1,527,413	RICHARDSON .....	355,889
DOUGLAS.....	14,597,134	ROCK.....	48,652
DUNDY.....	42,802	SALINE .....	500,250
FILLMORE .....	177,389	SARPY .....	3,054,876
FRANKLIN.....	148,151	SAUNDERS .....	1,049,079
FRONTIER.....	91,805	SCOTTS BLUFF.....	1,381,106
FURNAS .....	177,532	SEWARD.....	575,304
GAGE .....	879,957	SHERIDAN.....	178,065
GARDEN .....	71,127	SHERMAN .....	141,737
GARFIELD.....	72,042	SIOUX.....	17,730
GOSPER .....	73,558	STANTON .....	144,262
GRANT .....	19,524	THAYER .....	168,222
GREELEY.....	100,960	THOMAS .....	15,208
HALL.....	2,060,038	THURSTON.....	120,347
HAMILTON .....	234,850	VALLEY .....	199,475
HARLAN.....	116,290	WASHINGTON .....	762,843
HAYES .....	21,209	WAYNE.....	243,271
HITCHCOCK.....	86,823	WEBSTER.....	148,596
HOLT.....	346,320	WHEELER .....	9,099
HOOKER .....	33,477	YORK.....	343,527
HOWARD.....	261,084	<b>STATE TOTAL.....</b>	<b>\$53,860,684</b>

## RECOMMENDATIONS

The taxable value of exempt property (e.g. governmental or permissive exempt) is not available because often assessors do not place a value on them due to the exempt status. Typically, assessors focus their time and resources on establishing values of taxable properties.

In 1999, the Legislature adopted LB 271 and in 2000 LB 968 postponed the effective date to the year 2001. This legislation now provides for exempt property owned by the state and its political subdivisions that "is not used for a public" shall become taxable in the year 2000. Public purpose does not include leasing of property to a private party unless the lease of the property is at fair market value for a public purpose.

The Department of Property Assessment & Taxation has no other recommendations.