

Section D

Railroads, Public Service Entities, Car Lines, and Air Carrier Flight Equipment Property Tax

BASIC PROVISIONS AND TAX BASE OF THE NEBRASKA TAX LAWS

Property valued by the state includes those companies or industries that the Property Tax Administrator is statutorily responsible for determining a taxable valuation for each year. Companies owning or leasing operating property are required to furnish information annually, on prescribed forms, to the Property Tax Administrator. Taxable value has been defined to be actual value for real property and net book value for tangible depreciable personal property, excluding registered motor vehicles, which is determined by using a statutory method.

Railroads

Nebraska statutes, Chapter 77, Article 6, provide for the Property Tax Administrator to value the operating property of any company owning, controlling, or operating property used for railroad purposes. Companies may be exempted by their status as governmental subdivisions or not-for-profit organizations under section 77-202.

The Property Tax Administrator shall ascertain 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 on 50 percent track mileage and fifty percent traffic density. The value per mile of main track shall 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

Nebraska statutes, Chapter 77, Article 8, provide for 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, telecommunications, and pipeline transmissions. Generally, the entities affected by this law fall into three groups: telecommunications, pipeline companies, and certain utility companies. Other organizations mentioned in the statute either no longer exist or are exempted by their status as governmental subdivisions or not-for-profit organizations under section 77-202.

The Property Tax Administrator shall ascertain 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

Nebraska statutes, sections 77-679 through 77-693, provide for the assessment and taxation of car line companies. A car line company shall mean 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 shall ascertain the total taxable value, i.e., net book personal property value of the car line company's cars attributable to Nebraska. The Property Tax Administrator shall 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 who remits the same, less a three percent collection fee, to the State Treasurer for distribution to the counties. The car line taxes

are distributed among the various taxing subdivisions based in proportion to all railroad taxes levied pursuant to section 77-684. The collection fee is remitted to the State Treasurer for credit to the Department of Property Assessment & Taxation Cash Fund.

Air Carrier Flight Equipment

Nebraska statutes, sections 77-1245 through 77-1250.05 provide for the assessment and taxation of air carriers. An air carrier shall mean any person, firm, or assignee, engaged in interstate carriage of persons or cargo for hire by aircraft. The Property Tax Administrator shall ascertain 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 shall levy against the value assessed, for the property tax purposes, at a rate equal to the state's average tax rate. The taxes are payable to the Property Tax Administrator who remits the same, 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 proportionate 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 Department of Property Assessment & Taxation Cash Fund.

**RAILROADS, PUBLIC SERVICE ENTITIES, CAR LINE COMPANIES, AND
AIR CARRIER FLIGHT EQUIPMENT**

Statutory Reference And Description	Actual Tax Expenditure Cost NA = Not Available
EXEMPTIONS	
Section 77-202(1) Governmental Subdivision and Not-for-Profit Organizations	NA
Section 77-4105 (LB 775) Railroad Personal Property	\$0.00*
Public Service Entity Personal Property	\$0.00*
Air Carrier Flight Equipment	\$0.00*

* Based on tax year 2005 net book taxable personal property value exempted, multiplied by the state's average tax rate for 2005.

DEDUCTIONS

Section 77-684 Car line companies collection fee	\$83,079*
Section 77-1250 Air carriers collection fee	\$79,616*

*Based on tax year 2004 net book taxable personal property of car line companies and air carriers; the three percent collection fee retained by the state as a credit to the Department of Property Assessment & Taxation Cash Fund (The year 2004 taxes are collected during 2005).

RECOMMENDATIONS

The Department of Property Assessment & Taxation has no recommendations.