

SECTION C

Property Assessment 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 county 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 professionally accepted mass appraisal techniques, including but not limited to the following: (1) sales comparison approach; (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% declining balance depreciation schedules.

All real property is assessed at or near 100% of actual value, except agricultural and horticultural land which is assessed at or near 75% of actual value. Agricultural and horticultural land receiving special valuation pursuant to [Neb. Rev. Stat. § 77-1344](#) is assessed at or near 75% of its special value which is the uninfluenced value of the land for agricultural and horticultural purposes. Personal property is assessed at 100% of the net book taxable value as determined by the statutory method.

Permissive exemptions are allowed for certain organizations such as religious, charitable, educational, and agricultural societies pursuant to [Neb. Rev. Stat. § 77-202](#). The organization must file an application for exemption of real and/or personal property. The county assessor will recommend approval or denial to the county board of equalization which will meet to make the final decision regarding the application for exemption.

There is an exemption for certain business personal property belonging to qualifying companies under the Employment and Investment Growth Act and the Nebraska Advantage Act.

There is an exemption for certain personal property belonging to qualified beginning farmers, pursuant to [Neb. Rev. Stat. § 77-5209.02](#) of the Beginning Farmer Act.

For individuals, the homestead exemption program is designed to provide local property tax relief to qualifying elderly individuals, certain disabled veterans, and certain disabled individuals and their widowers who own and live in the home for which an exemption application is made. The exemption applies to all or part of the property taxes levied against the home, within the State of Nebraska reimbursing local governments from general fund revenues for those taxes exempted under the program (see Homestead Exemption section).

Between January 1 and March 19 of each year, the assessor updates and revises the real property assessment roll. Each year between early April and May 15 the Tax Equalization and Review Commission has the authority to adjust the valuation of classes or subclasses of 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 Equalization and Review Commission.

Personal property is self-reported by the taxpayer, on or before May 1. If the county 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 shall equalize 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 county 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 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 county 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.

More information is available at www.pat.ne.gov.

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 categories of homeowners: (1) persons over age 65; (2) certain disabled individuals; or (3) certain disabled veterans and their widowers.

More information regarding the homestead exemption program and the property tax relief it provides for qualified homeowners is available at www.pat.ne.gov.

**Statutory Reference
and Description**

**Actual or Estimated
Tax Expenditure Cost
(NA = Not Available)**

EXEMPTIONS

The taxable value of exempt property (e.g., governmental or permissive exempt) is not available. Due to the exempt status of the real property, the assessed value may not have been determined. The county assessor allocates time and resources to establishing the assessed values of taxable properties.

Section 2-4243

Property belonging to the Conservation Corporation. NA

Section 3-209

Airports and landing fields acquired by a municipality. NA

Section 3-511

Property belonging to city airport authorities. NA

Section 3-621

Property belonging to county airport authorities. NA

Section 3-714

Property belonging to joint airport authorities. NA

Section 12-506

Property belonging to cemetery associations. NA

Section 12-517

Burial lots sold by a cemetery association for interment. NA

Section 14-812

Property belonging to metropolitan cities. NA

Section 14-1721

Property belonging to municipal parking authorities. NA

Section 14-1810

Property belonging to metropolitan transit authorities. NA

Section 15-844

Property belonging to primary class cities. NA

Section 21-2311

Property belonging to industrial development public corporations. NA

Section 23-35,117

Property belonging to hospital authorities. NA

<u>Section 37-301</u>		
Property held by the Nebraska Game and Parks Commission.		NA
<u>Section 51-512</u>		
Property belonging to public museums.		NA
<u>Section 58-268</u>		
Property belonging to the Nebraska Investment Finance Authority.		NA
<u>Section 77-202(1)(a)&(b)</u>		
Property of Nebraska and its governmental subdivisions.		NA
<u>Section 77-202(1)(c)</u>		
Property owned by and used exclusively for agricultural and horticultural societies.		NA
<u>Section 77-202(1)(e)</u>		
Household goods and personal effects when not used for profit.		NA
<u>Section 77-202(2)</u>		
Increased value of land due to shade or ornamental trees planted along the highway.		NA
<u>Section 77-202(3)</u>		
Tangible personal property which is not depreciable.		NA
<u>Section 77-202(4)</u>		
Motor vehicles required to be registered for operation on the highways of Nebraska.		NA
<u>Section 77-202(5)</u>		
Business and agricultural inventory.		NA
<u>Section 77-202(6)</u>		
Any qualifying personal property conditions specified in the Employment and Investment Growth Act and the Beginning Farmer Act.	(See Section V)	
<u>Section 77-202(7)</u>		
Livestock.		NA
<u>Section 77-202(8)</u>		
Any qualifying personal property pursuant to the Nebraska Advantage Act.	(See Section V)	
<u>Section 77-202(9)</u>		
Any property used directly in the generation of electricity using wind as the fuel source.		NA
<u>Section 77-202.24</u>		
A mobile home owned and occupied by a disabled or blind veteran.		NA

Section 77-212

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

NA

Sections 77-4101, 77-4105, 77-5701, 77-5725

(See Section V)

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.

Sections 77-5201 through 77-5215

NA

The Beginning Farmer Act provides beginning farmers and livestock producers with personal property exemptions. Beginning farmers and livestock producers must be approved and certified by the Beginning Farmer Board to be eligible for the programs, or exemption of personal property.

HOMESTEAD EXEMPTIONS

The total tax expenditure for the State of Nebraska in FY 2009-10 was \$65,938,260. One hundred percent was reimbursed to the counties by the State of Nebraska. The table on page C10 lists the total homestead exemption to each county.

The taxable value of exempt property (e.g., governmental or permissive exempt) is not available. Due to the exempt status of the real property, the assessed value may not have been determined. The county assessor allocates time and resources to establishing the assessed values of taxable properties.

Section 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:

2010 Household Income	Percentage of Relief
\$0 through \$29,100.99	100%
29,101 through 30,700.99	85%
30,701 through 32,200.99	70%
32,201 through 33,800.99	55%
33,801 through 35,300.99	40%
35,301 through 36,900.99	25%
36,901 and over	0%

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

2010 Household Income	Percentage of Relief
\$0 through \$24,800.99	100%
24,801 through 26,100.99	85%
26,101 through 27,400.99	70%
27,401 through 28,700.99	55%
28,701 through 30,000.99	40%
30,001 through 31,300.99	25%
31,301 and over	0%

Section 77-3508

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:

2010 Household Income	Percentage of Relief
\$0 through \$32,000.99	100%
32,001 through 33,500.99	85%
33,501 through 35,100.99	70%
35,101 through 36,600.99	55%
36,601 through 38,200.99	40%
38,201 through 39,700.99	25%
39,701 and over	0%

For a single veteran totally disabled by a non-service connected accident or illness with household income as set out below:

2010 Household Income	Percentage of Relief
\$0 through \$27,900.99	100%
27,901 through 29,200.99	85%
29,201 through 30,500.99	70%
30,501 through 31,800.99	55%
31,801 through 33,100.99	40%
33,101 through 34,400.99	25%
34,401 and over	0%

For a married disabled individual with household income as set out below:

2010 Household Income	Percentage of Relief
\$0 through \$32,000.99	100%
32,001 through 33,500.99	85%
33,501 through 35,100.99	70%
35,101 through 36,600.99	55%
36,601 through 38,200.99	40%
38,201 through 39,700.99	25%
39,701 and over	0%

For a single disabled individual with household income as set out below:

2010 Household Income	Percentage of Relief
\$0 through \$27,900.99	100%
27,901 through 29,200.99	85%
29,201 through 30,500.99	70%
30,501 through 31,800.99	55%
31,801 through 33,100.99	40%
33,101 through 34,400.99	25%
34,401 and over	0%

Section 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% service-connected disability with household income as set out below:

2010 Household Income	Percentage of Relief
\$0 through \$32,000.99	100%
32,001 through 33,500.99	85%
33,501 through 35,100.99	70%
35,101 through 36,600.99	55%
36,601 through 38,200.99	40%
38,201 through 39,700.99	25%
39,701 and over	0%

For a single veteran drawing compensation from the Department of Veterans Affairs for 100% service-connected disability including any un-remarried widow or widower of such veteran with household income as set out below:

2010 Household Income	Percentage of Relief
\$0 through \$27,900.99	100%
27,901 through 29,200.99	85%
29,201 through 30,500.99	70%
30,501 through 31,800.99	55%
31,801 through 33,100.99	40%
33,101 through 34,400.99	25%
34,401 and over	0%

Section 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) 100% 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 \$40,000, 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) 120% 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 \$50,000, whichever is greater.

Section 77-3505.02 Maximum value, defined:

Maximum value shall mean - (1) For applicants eligible under section 77-3507, 200% 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 \$95,000, whichever is greater; and (2) For applicants eligible under sections 77-3508 and 77-3509, 225% 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 \$110, 000, whichever is greater.

PREFERENTIAL TAX RATES AND VALUATION

Statutory Reference and Description	Actual Tax Expenditure Cost (NA = Not Available)
Section 18-2137 Whenever a city community redevelopment authority purchases or acquires real property pursuant to sections <u>18-2101 to 18-2144</u> , the authority shall annually, so long as it shall continue to own this property, pay in lieu of taxes to the respective political subdivisions applicable to the property during the immediately preceding the purchase or acquisition of this real property.	\$23,213 ¹
Section 37-335 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 these acquisitions to the county treasurer of the county in which the land is located.	\$588,780 ¹
Section 71-1590 Pursuant to section <u>71-5190(2)</u> , a housing agency may agree to make payments 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 it was not exempt from taxation.	\$519,262 ¹

¹These amounts are the in lieu of taxes paid as reported by county assessors on the 2009 Certificate of Taxes Levied Report.

Section 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 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 it was not exempt from taxation.

\$24,463¹

Section 77-1344

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

NA

Nebraska Constitution Article VIII, Section II

(Sections 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, less any city occupation tax.

1957 fixed:	\$1,115,822 ¹
5% gross revenue:	\$30,837,816 ¹
City occupation tax:	\$363,663 ¹

¹These amounts are the in lieu of taxes paid as reported by county assessors on the 2009 Certificate of Taxes Levied Report.

FY 2009-10 HOMESTEAD EXEMPTION REIMBURSEMENT

ADAMS	\$1,226,947.44	JEFFERSON	\$303,413.40
ANTELOPE	219,532.88	JOHNSON	215,981.70
ARTHUR	8,389.88	KEARNEY	216,079.28
BANNER	14,831.80	KEITH	426,029.16
BLAINE	6,376.56	KEYA PAHA	17,183.48
BOONE	174,840.94	KIMBALL	148,960.60
BOX BUTTE	333,166.98	KNOX	301,158.32
BOYD	63,631.88	LANCASTER	9,075,599.46
BROWN	134,218.64	LINCOLN	1,527,240.54
BUFFALO	1,603,192.18	LOGAN	16,847.18
BURT	385,355.26	LOUP	12,435.13
BUTLER	263,153.04	MADISON	1,251,808.08
CASS	1,089,595.42	MCPHERSON	9,662.32
CEDAR	344,201.09	MERRICK	310,031.40
CHASE	133,634.36	MORRILL	178,725.18
CHERRY	189,465.76	NANCE	138,029.37
CHEYENNE	379,947.22	NEMAHA	241,899.90
CLAY	201,975.14	NUCKOLLS	154,088.20
COLFAX	365,252.86	OTOE	778,756.06
CUMING	335,871.37	PAWNEE	99,594.52
CUSTER	423,988.80	PERKINS	102,115.54
DAKOTA	614,841.34	PHELPS	324,079.94
DAWES	340,198.56	PIERCE	362,754.70
DAWSON	736,713.04	PLATTE	1,132,067.76
DEUEL	75,481.24	POLK	211,969.66
DIXON	217,822.24	RED WILLOW	356,187.16
DODGE	1,883,244.66	RICHARDSON	300,477.28
DOUGLAS	18,683,816.92	ROCK	46,392.08
DUNDY	34,494.86	SALINE	598,780.86
FILLMORE	185,248.88	SARPY	4,383,745.98
FRANKLIN	127,095.47	SAUNDERS	1,221,283.82
FRONTIER	104,558.60	SCOTTS BLUFF	1,772,836.06
FURNAS	142,341.22	SEWARD	653,745.94
GAGE	1,210,221.66	SHERIDAN	172,541.76
GARDEN	77,432.66	SHERMAN	140,685.74
GARFIELD	71,214.28	SIOUX	19,912.06
GOSPER	96,405.16	STANTON	197,904.62
GRANT	15,554.08	THAYER	171,009.44
GREELEY	101,715.22	THOMAS	28,001.70
HALL	2,253,180.62	THURSTON	113,705.52
HAMILTON	323,932.80	VALLEY	205,343.52
HARLAN	103,185.79	WASHINGTON	997,799.50
HAYES	22,512.08	WAYNE	274,960.12
HITCHCOCK	93,974.42	WEBSTER	160,590.62
HOLT	366,951.94	WHEELER	8,976.19
HOOKER	29,890.92	YORK	405,037.90
HOWARD	342,233.14	STATE TOTAL	\$65,938,260.05

RECOMMENDATIONS

The Nebraska Department of Revenue has no recommendations.