

2019 Nebraska Legislative Changes

Nebraska Department of Revenue, Property Assessment Division

August 14, 2019

Property Tax Levies/Requests

LB 63 – **Operative Date: March 7, 2019.** LB 63 amends Neb. Rev. Stat. § 77-3442 to allow rural and suburban fire protection districts to levy a maximum levy of 10 and one-half cents per \$100 of taxable value in the county if the district had a levy request in any of the three previous years and the county board of the county where the largest portion of the value for that district is located did not authorize any levy authority to the district in that year.

LB 103 – **Operative Date: March 12, 2019.** LB 103 amends Neb. Rev. Stat. § 77-1601.02 to require every political subdivision that requests property tax dollars to pass a resolution or ordinance requesting the amount of property taxes that has been adopted in the budget document. When there is an increase in the ensuing tax years certified valuation, the political subdivision will be required to reduce its tax rate to generate the same amount of property tax dollars generated in the current year. The political subdivision shall hold a public hearing with a five-day publication notice, which may be held on the same day, at a different time, as the budget hearing. LB103 provides the required information for the notice of hearing. The governing body will be required to pass a resolution or ordinance to set the property tax request at the higher amount. The resolution or ordinance will be filed with the county clerk on or before October 13.

LB 492 – **Operative Date: May 31, 2019.** LB 492 creates the Regional Metropolitan Transit Authority (RMTA) Act. It amends Neb. Rev. Stat. § 77-3442 to allow the RMTA to levy a maximum levy of ten cents per \$100 of taxable value subject to the levy for each fiscal year.

Special Valuation of Agricultural and Horticultural Land (**LB 185** – **Operative Date: January 1, 2020**)

LB 185 amends Neb. Rev. Stat. §§ 77-1344 and 77-1347 to require the property owners or lessees of agricultural and horticultural land of five contiguous acres or less must provide an Internal Revenue Service Schedule F documenting a profit or loss from farming for two out of the last three years in order to qualify for special valuation.

Real Property Definition (**LB 218** – **Operative Date: July 1, 2019**)

LB 218 amends Neb. Rev. Stat. § 77-103 to include in the definition of real property all electric generation, transmission, distribution, and street lighting structures or facilities owned by a political subdivision of the state.

Agricultural and Horticultural Land (**LB 372** – **Operative Date: August 31, 2019**)

LB 372 amends Neb. Rev. Stat. § 77-1363 which relates to the classes and subclasses of agricultural land and horticultural land. When valuing agricultural land or horticultural land for property tax purposes, the appropriate primary source for land capability groupings should be the Natural Resources Conservation Service, not all based on a dryland farming criterion.

Real Property Taxes (**LB 463** – **Operative Date: August 31, 2019**)

LB 463 makes changes to the delinquent tax list, county treasurer's tax deeds and tax sale certificates. These changes also ensure that real property owners, and those in possession of real property, have adequate notice that the property is subject to a tax sale.

Revenue Omnibus Bill (LB 512 – Operative Date: May 30, 2019)

- Section 10 of the bill amends Neb. Rev. Stat. § 77-202.03 to require an electronic copy of the list of real property exemptions and a copy of the proof of publication be forwarded to the Property Tax Administrator on or before November 1 of each year.
- Section 12 of the bill amends Neb. Rev. Stat. § 77-702 to remove old language since the Tax Commissioner is responsible for adopting rules and regulations.
- Section 13 of the bill amends Neb. Rev. Stat. § 77-1239 to remove an unnecessary step in certifying the personal property tax exemption loss.
- Section 14 of the bill amends Neb. Rev. Stat. § 77-1301 to allow for the current assessed value of destroyed real property (destroyed on or after January 1 and before July 1) to be adjusted by the county board of equalization.
- Section 15 of the bill creates a new statute that defines calamity, destroyed real property, and significant property damage, as follows:
 - Calamity means a disastrous event, including, but not limited to, a fire, an earthquake, a flood, a tornado, or other natural event which significantly affects the assessed value of real property;
 - Destroyed real property means real property that suffers significant property damage as a result of a calamity occurring on or after January 1, 2019, and before July 1 of the current assessment year. Destroyed real property does not include property suffering significant property damage that is caused by the owner of the property; and
 - Significant property damage means:
 - i. Damage to an improvement exceeding twenty percent of the improvements assessed value in the current tax year as determined by the county assessor;
 - ii. Damage to land exceeding twenty percent of a parcel's assessed land value in the current tax year as determined by the county assessor; or
 - iii. Damage exceeding twenty percent of the property's assessed value in the current tax year as determined by the county assessor if:
 - A. the property is located in an area that has been declared a disaster area by the Governor and
 - B. a housing inspector or health inspector has determined that the property is uninhabitable or unlivable.
- Section 16 of the bill creates a new statute that:
 - allows the property owner of destroyed real property during the current assessment year to file a report of the destroyed real property with the county assessor and county clerk on or before July 15 of the current assessment year. The Report of Destroyed Real property is a form prescribed by the Tax Commissioner.
 - allows the owner of a destroyed mobile home who was required to pay an accelerated tax to file the report of destroyed real property on or before July 15. The property owner may then make a request for a refund of the accelerated tax paid for any portion of value reduced by the county board of equalization.
 - requires the county board of equalization to consider the report of destroyed real property and after any action, the county assessor shall correct the current year's assessment.
- Section 17 of the bill creates a new statute that:
 - requires the county board of equalization to adjust the assessed value of the destroyed real property to its assessed value on the date it suffered the significant property damage.
 - requires the county board of equalization to meet on or after June 1 and on or before July 25, or on or before August 10 if the board adopted a resolution to extend the deadline to hear valuation

protests, to consider the assessed value of the destroyed real property. Any action which changes the assessed value of the destroyed real property is only applicable for the current assessment year only.

- requires notice of the assessed value of the destroyed real property be given to the record owner or agent at the last-known address. Protests are to be filed within 30 days after the mailing of the protest. All provisions, of § 77-1502 apply except the dates for filing a protest, the period for hearing protests, and the date for mailing notice of the county board of equalization's decision.
 - allows the action of the county board of equalization to be appealed to the Tax Equalization and Review Commission within 30 days after the board's final decision.
- Section 18 of the bill amends Neb. Rev. Stat. § 77-1725.01 to remove property considered to be destroyed real property from the collection of taxes by the county treasurer for any removal or demolition of property in the county.
 - Section 19 of the bill amends Neb. Rev. Stat. § 77-1734.01 to require the refund of the accelerated taxes paid on destroyed real property or the portion of tax paid on destroyed real property after an adjustment to the value of the property.
 - Section 25 of the bill amends Neb. Rev. Stat. 77-3506 to provide that veterans applying for a homestead exemption who are 100% disabled due to a service-connected disability, the Department of Veterans Affairs certification is not required in succeeding years if there has been no change in status. The county assessor or Tax Commissioner may request the certification to verify no change in status.
 - Section 26 of the bill amends Neb. Rev. Stat. § 77-3508 to use the definition of prosthetic device as found in Neb. Rev. Stat. § 77-2704.09 for homestead exemption purposes.
 - Section 27 of the bill amends Neb. Rev. Stat. § 77-3519 to provide that if the homestead exemption application is rejected on the basis of value, the complaint must be filed by June 30. The county board of equalization may, by majority vote, extend such deadline to July 20. If the homestead exemption application was rejected for any other basis, the complaint must be filed within 30 days from receipt of the notice from the county assessor of the rejection.

Property annexation ([LB 524](#) – Operative Date: August 31, 2019)

LB 524 amends Neb. Rev. Stat. § 13-509 to change provisions relating to annexation of property. Beginning in 2020, the last date for annexations of political subdivisions changes from on or before July 31 to on or before June 30, to be considered in the taxable valuation of the subdivision for the current year, except for cities of a metropolitan class the last date for annexation remains on or before July 31. If the annexation is received on or after July 1 or August 1, the property will be considered annexed in the following year.

Nebraska Adjusted Basis ([LB 663](#) – Operative Date: August 31, 2019)

LB 663 amends Neb. Rev. Stat. § 77-118 to provide that, for purchases of depreciable personal property occurring on or after January 1, 2018 and January 1, 2020, if similar personal property is traded in as part of the payment for the newly acquired property, the Nebraska adjusted basis will be the remaining federal tax basis of the property being traded, plus cash paid.

Beginning Farmer Tax Credit ([LB 560](#) – Operative Date: August 31, 2019)

LB 560 amends provisions of the Beginning Farmer Tax Credit Act to limit qualified beginning farmers and owners to one successful lease agreement per asset while also allowing qualified beginning farmers to file subsequent applications for different assets. LB 560 also provides that owners of an agricultural asset that is rented on a rental agreement basis to a qualified beginning farmer may be issued tax credits for the asset for a maximum of three years.

Education Funding ([LB 675](#) – Operative Date: *May 27, 2019*)

LB 675 amends Neb. Rev. Stat. § 77-3446 to set the base limitation, used to calculate a school district's maximum budget, for school districts for school fiscal year 2019-2020 at two percent.

County Records ([LB 152](#) – Operative Date: *August 31, 2019*)

LB 152 extends the privacy protections that allow for the withholding of the residential addresses of law enforcement officers to certain Nebraska National Guard members participating with state, county, or local government in a law enforcement capacity. Nebraska National Guard members, acting in law enforcement, are eligible to apply to have their residential address withheld from the public if they apply to the county assessor in their county of residence and provide proof of their membership in the Nebraska National Guard and their law enforcement status. The application may be renewed every five years. However, the address will be provided if requested in writing.