

## **Sections within the Property Assessment Division**

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### **Property Tax Administrator**

The Property Tax Administrator is the chief executive officer of the Property Assessment Division (PAD) of the Department of Revenue. The qualifications and duties of the Property Tax Administrator are established by statute. *See* Neb. Rev. Stat. §§ [77-701](#) and [77-702](#). The Property Tax Administrator is appointed by the Governor, with the approval of a majority of the members of the Legislature, and serves under the general supervision of the Tax Commissioner.

### **Policy/Legal**

The Policy/Legal Section is responsible for all legal matters for PAD. There is one attorney and Tax Specialist Seniors that provide policy functions such as:

- Summaries of legislation;
- Regulations;
- Correspondence;
- Coordination of education for assessor's certification;
- Promulgation of the Nebraska Assessor Reference Manual;
- Information guides/brochures; and
- Other associated duties.

This Section is responsible for specific statutory duties, including:

- Valuation of state assessed property (railroad companies, public service entities, car companies, and air carriers);
- Distribution of car company and air carrier taxes;
- Administration of the homestead exemption and documentary stamp tax programs;
- Preparation of the Tax Increment Financing Annual Report;
- Determination of the appraised value for the public sale of educational lands;
- Determination of the eligibility for exemption of certain personal property subject to compliance with the Employment and Investment Growth Act (LB 775) and the Nebraska Advantage Act;
- Annual certification of school adjusted valuation used in state aid calculations;
- Administrative reports filed by counties for data collection of valuation and property tax information; and
- Preparation of the PAD Annual Report.

### **Information Technology**

The Information Technology Section is responsible for the computer environment and providing advice and assistance to all PAD staff on the utilization of the programs used by PAD. This section includes electronic transfers, data entry, troubleshooting, and technology issues.

## **Measurement**

The Measurement Section is responsible for ascertaining the level of value and quality of assessment of all real property in the state. This section works directly with county officials and provides advice and guidance on all issues of the assessment process, with particular focus on the assessment of real property.

This Section develops the sales file that is used throughout the assessment process, including:

- Determining the adjusted valuation for school districts;
- Information for the Reports and Opinions of the Property Tax Administrator provided to the Tax Equalization and Review Commission; and
- Valuation information for use by the county assessors.

The sales file is a statutorily required database containing sales of real property for use in valuation and measurement. The employees in this Section, Field Liaisons, have offices throughout the state, and are readily available to assist in the counties. The Field Liaisons work with the county assessors on analysis of sales information and assessment practices and procedures.

## **Assessment**

The Assessment Section is responsible for performing the assessment function in counties where the assessment function has been assumed. The assessment function for nine counties was assumed by PAD beginning in July 1998. In 2009, legislation was passed that will transfer the state assessment offices back to the county by June 30, 2013. Currently, there are eight state assessment offices in Dakota, Dodge, Garfield, Greeley, Harlan, Hitchcock, Keith, and Saunders. While the process for managing the assessment office is fairly unchanged as a result of the state assumption, PAD's philosophy regarding the assessment and appraisal function is different from that of an individual county. There are assessment and appraisal staff that are shared among the assumed counties. Sharing these resources allows for a more efficient allocation of resources. While some of the counties are large and active enough to justify their own assessment or appraiser staff, some of the counties are small enough to share the assessment and appraisal staff since they are in close proximity to each other.

## **Property Tax History**

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Since the beginning of Nebraska's statehood, property tax has been a major source of state and local operating revenue. This tax was initially adopted by the Territorial Legislature in 1857. The growing need for public services and changes in economic structure caused property taxes to steadily increase. This in turn prompted the necessity for relieving property taxes and providing new sources of revenue.

In November 1966, approval of a constitutional amendment abolished "state" property taxes. Also, the Legislature repealed the head and poll taxes, the tax on intangible property, the tax on household goods, and certain miscellaneous personal property taxes. In order to replace lost revenues, the Legislature adopted two broad-based taxes in the Revenue Act of 1967: the state sales and use tax and the income tax. In addition to replacing lost state revenue, a portion of the sales and income tax monies were designated to finance state aid programs. At that time, \$35 million was designated annually for aid to school districts. An additional \$10 million each year was distributed to cities and counties to replace lost revenues due to the elimination of intangible property, household goods, and personal effects from the property tax base.

In 1969, the Homestead Exemption Act was passed to provide property tax relief to certain owners of residential property. It provided for an exemption of \$800 of actual value for residences valued at \$4,000 or more. The homestead exemption benefits have been changed over the years and currently provide for an exemption of all or part of real property taxes, for individuals over 65 with limited income, veterans, and individuals with certain disabilities.

Since 1967, "local" units of government have exclusively levied property taxes. In 2008, Nebraska's local governments levied approximately \$2.876 billion in property taxes. In addition, for fiscal year 2009-2010, there is approximately \$1.379 billion in local tax relief (state aid) appropriated for local governments (see statistical Table 3B and 3C).

Over the years, the property tax structure in Nebraska has changed as the Legislature has addressed various economic concerns. Property tax remains primarily a tax on real property, but changes have been made in the classification of property, as well as the level of assessment at which property is taxed. [Nebraska's Constitution, Article VIII, Section 1](#), requires uniformity and proportionality both as to the rate and the valuation.

Social and economic trends continue to impact Nebraska citizens' views on all taxes and state aid programs. Meanwhile, the payers and recipients of taxes share in the benefits of public schools, roads, law enforcement, and a number of other public facilities and programs.