

COMMITTEE STATEMENT
LB 270

HEARING DATE: JANUARY 24, 1997

COMMITTEE ON: REVENUE

TITLE: LB 270 (Revenue Committee) Change provisions relating to property taxation and assessment

ROLL CALL VOTE, FINAL COMMITTEE ACTION

Advanced to General File

X Advanced to General File with amendments

Indefinitely Postponed

Vote results:

6 Yes SENATORS COORDSEN, HARTNETT, LANDIS. SCHELLPEPER. WARNER & WICKERSHAM

0 No

8 Present, not voting

2 Absent SENATORS KRISTENSEN AND WILL

PROPONENTS

CATHERINE LANG-MORRISSEY

Representing

PROPERTY TAX DIVISION

OPPONENTS

JIM CUNNINGHAM

THOMAS O'NEILL. JR.

Representing

NE CATHOLIC CONFERENCE

IND. COLLEGES & UNIVERSITIES OF NE

NEUTRAL

JACK HILLS

JEAN SIDWELL

Representing

NACO

BUFFALO COUNTY TREASURER

Summary of purpose and/or change:

LB 279 contains the recommendations of the property tax administrator for proposed changes in the administration of the property tax to enhance enforcement and equalization.

Section i amends section 60-305.15 to rename the tax commissioner revolving fund the property tax division revolving fund. The fund receives proceeds from the collection fee for collecting property taxes for counties from centrally assessed taxpayers. This change is harmonized in sections 27, 49, and 43.

Sections 2 through 10 amend current property tax definitions or create new definitions as follows:

- A) real property is clarified so that mobile homes and other improvements are treated the same:
- B) the words 'appraisal techniques- is changed

to "appraisal methods" and the guidelines are clarified;

- C) improvements on leased land and real estate are unified for property tax purposes;
- D) omitted property is defined as any property that was not assessed on April 1 for real property and May 1 for personal property;
- E) undervalued and overvalued property is defined;
- F) tax situs is defined as where the land is located, and for personal property. Where the property is located more than 50% of the year;
- G) assessment is the act of listing and placing a value on property;
- H) tax district is an area in which all property is subject to exactly the same levies. These definitions are harmonized in sections 24, 50, 51, and 59, 61

Section 11 amends section 77-201 to affirmatively state that ag land is to be valued at be% of actual value.

Section 12 amends section 77-202 (property tax exemptions) to strike the exemption for rental inventory.

Sections 13 to 15 and 18, 19 amend the property tax exemption procedures to 1) clarify terms. 2) strike the affidavit procedure and. Therefore. Require exemptions to be applied for annually, 3) provide a perpetual exemption for land used for cemetery purposes. And 4) change the "may" to a "shall" regarding the penalty for late filing of an exemption application. This last change would remove the discretion currently held by the county board in assessing the penalty for late filing.

Section 16 amends section 77-367 to change the title of the employees in the field from assistants to field liaisons.

Section 17 amends section 77-370 to include the property tax administrator with the tax commissioner as authorized to publish forms, books and schedules.

Sections 20 through 22 change provisions of the school conducted for county assessors. County assessors would be required to attend but could request a waiver or send a representative. The state would pay the costs. The advanced school would become discretionary with the PTA. Four sections in this part of the statutes are also repealed outright.

Section 23 amends section 77-425 to clarify the authority of the PTA to invalidate an assessor's certificate. Appeal would be to the TERC.

Sections 25, 26 clarify various provisions regarding railroad assessment

Section 27 amends section 77-684 to provide that the 3% collection fee for assessing and collecting the tax on centrally assessed taxpayers be credited to the property tax division revolving fund.

Section 28 amends section 77-1201 to strike unnecessary language.

Section 29 amends section 77-1202 to clarify the situs of personal property by referring to the definition in section 8

Sections 30 through 37 clean up and clarify various aspects of personal property taxation. Also procedures for appeal, interest. Record-keeping. Etc. Are all moved to a new section 37. The penalty provisions are changed so that the 50 percent of taxes due penalty would be assessed when the assessor discovers the failure to report the property and 10 percent if the reporting is voluntary. Current law imposes the 50 percent penalty for willful failure to report.

Section 38 amends section 77-1240.03 to allow crediting motor vehicle taxes back to the owner for the unexpired portion of the year if the vehicle is surrendered under a lease. This is currently the case if the motor vehicle is owned and sold during the registration period. But not if it is leased. Also the deadline for claiming the credit would be extended from 60 days to one year.

Section 39 amends section 77-1242.02 to clarify aspects of motor vehicle taxation.

Section 40 amends section 77-1250 (airline taxation) to place the collection fee in the property tax division revolving fund.

Sections 41 through 43 amend the reappraisal statutes by striking the requirement that reappraisals be completed over the entire county in "one year, providing that no changes be made effective for the following year. And providing that the expenses of joint reappraisal be paid from the property tax division revolving fund. Also included is the requirement that the county assessor complete the assessment on real property by April 1st.

Section 44 amends section 77-1303 to require completion of the assessment roll prior to April 1st.

Sections 45-46 add two new sections. And change existing sections to spell out the procedure's surrounding the assessment roll more precisely. Section 77-1316 is also repealed outright by the bill. Notice is to be given to the owner whenever value changes instead of only when value increases. Timelines are provided, and no changes may be made after April 1st except by action of the county board of equalization. An agricultural and horticultural land valuation board or the TERC. Omitted property is required to be reported to the county board of equalization and added to the tax rolls by that body after equalization.

Section 51 amends sect104 77-1318.01 to provide a December 31 filing date for reporting improvements to property.

Section 52 amends section 77-1342 to provide that the property tax divis104 revolving fund does not lapse to the general fund each year as the tax commissioner fund did.

Sections 52 through 54 amend the greenbelt statutes to 1) clarify terms. 2) incorporate definitions. 3) strike the limitation on recapture due to subdivision so that subdividing for any purpose triggers recapture, and 4) strike the size requirement for disqualification for ag land assessment and replace it with a requirement that the land be primarily for agricultural or horticultural purposes.

Sections 55 through 58 amend the ag land valuation statutes to strike all references to the income method of determining value. Three additional sections are also repealed outright for this purpose.

Sections 59 through 61 clarify, incorporate new definitions. And unify treatment of improvements on leased land with real estate.

Sections 62 through 68 revise the statutes applicable to equalization by the county board of equalization. These changes:

- A) add an affirmative duty to equalize values within the county.
- B) require protests to be written and filed within the appropriate time frames.
- C) clarify that the county board is to keep records of actions taken on protests and file them with the PTA.
- D) specifically allow changes to be made to property which is either under valued or overvalued.
- E) specifically allow the county board to make use of knowledge known to them in the equalization process.
- F) limit equalization to the current year's assessment roll.
- G) set out procedures and timelines.
- H) provide for appeals to the TERC,
- I) specifically authorize action to be taken regarding omitted property. And
- J) require the county board to report to the PTA that action has been taken regarding protests and non-protested action (i.e..

Equalization and omitted property).

Section .69 amends section 77-1613.02 to clarify that the county assessor has the authority to make corrections as set out earlier in the bill.

Section 70 amends section 77-1704.01 to reverse an incorrect change from tax commissioner to PTA which was made in lei 490 (1995).

Section 71 amends section 77-5607 (powers of the TERC) to harmonize appeal procedures as provided in this act.

Section 72 amends section 79-1016 (adjusted valuation for schools) to strike a publication requirement.

Sections 73-77 repeal original sections.

Section 78 repeals fifteen sections outright. And

Section 79 declares an emergency.

Explanation of amendments, if any:

The committee amendments white-copy the bill, but make only the following substantive changes:

1. The property tax division revolving fund is renamed the property tax division cash fund.
2. The section which called for the repeal of the rental inventory property tax exemption is removed from the bill.
3. The affidavit procedure for renewing a property tax exemption for the three years in between formal applications is restored.
4. The penalty for failure to timely file an exemption application or affidavit is changed to the lesser of ten percent of the tax that would have been due, or \$100 per each month or part thereof by which it is late.
5. Section 77-202.02 as amended to require the county board to act on all exemptions by August 15th.
6. Several new sections were added which spell out procedures for the assessment and taxation of centrally assessed property. These changes merely codify existing practice.
7. Section 77-1325 is amended to clarify that it is the duty of the property tax division to assist county assessors regarding assessment performance and uniformity of assessment.
8. Section 77-1342 is amended to unify use of the property tax division cash fund. In addition to receiving the one percent collection fee for assessing and collecting taxes from centrally assessed taxpayers. The fund is allowed to receive proceeds from billings from the uniform system of developing property tax information (caps). And charges for publications

Sold to the general public. But not to local governments. The fund is to be used for developing the agricultural land manuals and distributing them to counties. The costs of the assessors school. And to develop programs or models to improve assessment practices.

9. The amendment strikes the change in the deadline filing for greenbelt from the bill (section 77-1345) so that this change may become effective sooner as part of another bill.

10. Finally, a section is added to the bill (section 98) which creates the tax equalization and review commission cash fund for the purpose of receiving filing fees.

Senator Jerome Warner.
Chairperson