

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 695**

Introduced by Linehan, 39.

Read first time January 18, 2023

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-202, Revised Statutes Cumulative Supplement, 2022; to provide a
- 3 property tax exemption; to provide an operative date; and to repeal
- 4 the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-202, Revised Statutes Cumulative Supplement,  
2 2022, is amended to read:

3 77-202 (1) The following property shall be exempt from property  
4 taxes:

5 (a) Property of the state and its governmental subdivisions to the  
6 extent used or being developed for use by the state or governmental  
7 subdivision for a public purpose. For purposes of this subdivision:

8 (i) Property of the state and its governmental subdivisions means  
9 (A) property held in fee title by the state or a governmental subdivision  
10 or (B) property beneficially owned by the state or a governmental  
11 subdivision in that it is used for a public purpose and is being acquired  
12 under a lease-purchase agreement, financing lease, or other instrument  
13 which provides for transfer of legal title to the property to the state  
14 or a governmental subdivision upon payment of all amounts due thereunder.  
15 If the property to be beneficially owned by a governmental subdivision  
16 has a total acquisition cost that exceeds the threshold amount or will be  
17 used as the site of a public building with a total estimated construction  
18 cost that exceeds the threshold amount, then such property shall qualify  
19 for an exemption under this section only if the question of acquiring  
20 such property or constructing such public building has been submitted at  
21 a primary, general, or special election held within the governmental  
22 subdivision and has been approved by the voters of the governmental  
23 subdivision. For purposes of this subdivision, threshold amount means the  
24 greater of fifty thousand dollars or six-tenths of one percent of the  
25 total actual value of real and personal property of the governmental  
26 subdivision that will beneficially own the property as of the end of the  
27 governmental subdivision's prior fiscal year; and

28 (ii) Public purpose means use of the property (A) to provide public  
29 services with or without cost to the recipient, including the general  
30 operation of government, public education, public safety, transportation,  
31 public works, civil and criminal justice, public health and welfare,

1 developments by a public housing authority, parks, culture, recreation,  
2 community development, and cemetery purposes, or (B) to carry out the  
3 duties and responsibilities conferred by law with or without  
4 consideration. Public purpose does not include leasing of property to a  
5 private party unless the lease of the property is at fair market value  
6 for a public purpose. Leases of property by a public housing authority to  
7 low-income individuals as a place of residence are for the authority's  
8 public purpose;

9 (b) Unleased property of the state or its governmental subdivisions  
10 which is not being used or developed for use for a public purpose but  
11 upon which a payment in lieu of taxes is paid for public safety, rescue,  
12 and emergency services and road or street construction or maintenance  
13 services to all governmental units providing such services to the  
14 property. Except as provided in Article VIII, section 11, of the  
15 Constitution of Nebraska, the payment in lieu of taxes shall be based on  
16 the proportionate share of the cost of providing public safety, rescue,  
17 or emergency services and road or street construction or maintenance  
18 services unless a general policy is adopted by the governing body of the  
19 governmental subdivision providing such services which provides for a  
20 different method of determining the amount of the payment in lieu of  
21 taxes. The governing body may adopt a general policy by ordinance or  
22 resolution for determining the amount of payment in lieu of taxes by  
23 majority vote after a hearing on the ordinance or resolution. Such  
24 ordinance or resolution shall nevertheless result in an equitable  
25 contribution for the cost of providing such services to the exempt  
26 property;

27 (c) Property owned by and used exclusively for agricultural and  
28 horticultural societies;

29 (d) Property owned by educational, religious, charitable, or  
30 cemetery organizations, or any organization for the exclusive benefit of  
31 any such educational, religious, charitable, or cemetery organization,

1 and used exclusively for educational, religious, charitable, or cemetery  
2 purposes, when such property is not (i) owned or used for financial gain  
3 or profit to either the owner or user, (ii) used for the sale of  
4 alcoholic liquors for more than twenty hours per week, or (iii) owned or  
5 used by an organization which discriminates in membership or employment  
6 based on race, color, or national origin. For purposes of this  
7 subdivision, educational organization means (A) an institution operated  
8 exclusively for the purpose of offering regular courses with systematic  
9 instruction in academic, vocational, or technical subjects or assisting  
10 students through services relating to the origination, processing, or  
11 guarantying of federally reinsured student loans for higher education or  
12 (B) a museum or historical society operated exclusively for the benefit  
13 and education of the public. For purposes of this subdivision, charitable  
14 organization includes an organization operated exclusively for the  
15 purpose of the mental, social, or physical benefit of the public or an  
16 indefinite number of persons and a fraternal benefit society organized  
17 and licensed under sections 44-1072 to 44-10,109; and

18 (e) Household goods and personal effects not owned or used for  
19 financial gain or profit to either the owner or user.

20 (2) The increased value of land by reason of shade and ornamental  
21 trees planted along the highway shall not be taken into account in the  
22 valuation of land.

23 (3) Tangible personal property which is not depreciable tangible  
24 personal property as defined in section 77-119 shall be exempt from  
25 property tax.

26 (4) Motor vehicles, trailers, and semitrailers required to be  
27 registered for operation on the highways of this state shall be exempt  
28 from payment of property taxes.

29 (5) Business and agricultural inventory shall be exempt from the  
30 personal property tax. For purposes of this subsection, business  
31 inventory includes personal property owned for purposes of leasing or

1 renting such property to others for financial gain only if the personal  
2 property is of a type which in the ordinary course of business is leased  
3 or rented thirty days or less and may be returned at the option of the  
4 lessee or renter at any time and the personal property is of a type which  
5 would be considered household goods or personal effects if owned by an  
6 individual. All other personal property owned for purposes of leasing or  
7 renting such property to others for financial gain shall not be  
8 considered business inventory.

9 (6) Any personal property exempt pursuant to subsection (2) of  
10 section 77-4105 or section 77-5209.02 shall be exempt from the personal  
11 property tax.

12 (7) Livestock shall be exempt from the personal property tax.

13 (8) Any personal property exempt pursuant to the Nebraska Advantage  
14 Act or the Imagine Nebraska Act shall be exempt from the personal  
15 property tax.

16 (9) Any depreciable tangible personal property used directly in the  
17 generation of electricity using wind as the fuel source shall be exempt  
18 from the property tax levied on depreciable tangible personal property.  
19 Any depreciable tangible personal property used directly in the  
20 generation of electricity using solar, biomass, or landfill gas as the  
21 fuel source shall be exempt from the property tax levied on depreciable  
22 tangible personal property if such depreciable tangible personal property  
23 was installed on or after January 1, 2016, and has a nameplate capacity  
24 of one hundred kilowatts or more. Depreciable tangible personal property  
25 used directly in the generation of electricity using wind, solar,  
26 biomass, or landfill gas as the fuel source includes, but is not limited  
27 to, wind turbines, rotors and blades, towers, solar panels, trackers,  
28 generating equipment, transmission components, substations, supporting  
29 structures or racks, inverters, and other system components such as  
30 wiring, control systems, switchgears, and generator step-up transformers.

31 (10) Any tangible personal property that is acquired by a person

1 operating a data center located in this state, that is assembled,  
2 engineered, processed, fabricated, manufactured into, attached to, or  
3 incorporated into other tangible personal property, both in component  
4 form or that of an assembled product, for the purpose of subsequent use  
5 at a physical location outside this state by the person operating a data  
6 center shall be exempt from the personal property tax. Such exemption  
7 extends to keeping, retaining, or exercising any right or power over  
8 tangible personal property in this state for the purpose of subsequently  
9 transporting it outside this state for use thereafter outside this state.  
10 For purposes of this subsection, data center means computers, supporting  
11 equipment, and other organized assembly of hardware or software that are  
12 designed to centralize the storage, management, or dissemination of data  
13 and information, environmentally controlled structures or facilities or  
14 interrelated structures or facilities that provide the infrastructure for  
15 housing the equipment, such as raised flooring, electricity supply,  
16 communication and data lines, Internet access, cooling, security, and  
17 fire suppression, and any building housing the foregoing.

18 (11) For tax years prior to tax year 2020, each person who owns  
19 property required to be reported to the county assessor under section  
20 77-1201 shall be allowed an exemption amount as provided in the Personal  
21 Property Tax Relief Act. For tax years prior to tax year 2020, each  
22 person who owns property required to be valued by the state as provided  
23 in section 77-601, 77-682, 77-801, or 77-1248 shall be allowed a  
24 compensating exemption factor as provided in the Personal Property Tax  
25 Relief Act.

26 (12) The first twenty-five thousand dollars of taxable valuation of  
27 any real property in this state shall be exempt from real property taxes,  
28 except that such exemption shall only apply if the real property is owned  
29 by a resident of this state or by an entity organized under the laws of  
30 this state.

31 Sec. 2. This act becomes operative on January 1, 2024.

1           Sec. 3.    Original section 77-202, Revised Statutes Cumulative  
2 Supplement, 2022, is repealed.