

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 717**

Introduced by Groene, 42; Brasch, 16.

Read first time January 06, 2016

Committee:

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-112, 77-5023, and 77-5026, Reissue Revised Statutes of Nebraska,  
3 and sections 77-1301, 77-1327, and 77-5027, Revised Statutes  
4 Cumulative Supplement, 2014; to redefine a term; to change  
5 provisions relating to assessment of real property; to change the  
6 Tax Equalization and Review Commission Act; to provide an operative  
7 date; to repeal the original sections; and to declare an emergency.  
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-112, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 77-112 Actual value of real property for purposes of taxation means  
4 ~~the market value of real property in the ordinary course of trade. Actual~~  
5 ~~value may be~~ determined using professionally accepted mass appraisal  
6 methods, including, but not limited to, the (1) sales comparison approach  
7 using the guidelines in section 77-1371, (2) income approach, and (3)  
8 cost approach. Actual value is the most probable price expressed in terms  
9 of money that a property will bring if exposed for sale in the open  
10 market, or in an arm's length transaction, between a willing buyer and  
11 willing seller, both of whom are knowledgeable concerning all the uses to  
12 which the real property is adapted and for which the real property is  
13 capable of being used. In analyzing the uses and restrictions applicable  
14 to real property, the analysis shall include a consideration of the full  
15 description of the physical characteristics of the real property and an  
16 identification of the property rights being valued.

17 Sec. 2. Section 77-1301, Revised Statutes Cumulative Supplement,  
18 2014, is amended to read:

19 77-1301 (1) All real property in this state subject to taxation  
20 shall be assessed as of January 1 at 12:01 a.m., which assessment shall  
21 be used as a basis of taxation until the next assessment, except that for  
22 the assessment occurring on January 1, 2016, the assessed value shall be  
23 the same as the assessed value on January 1, 2015.

24 (2) Beginning January 1, 2014, in any county with a population of at  
25 least one hundred fifty thousand inhabitants according to the most recent  
26 federal decennial census, the county assessor shall provide notice of  
27 preliminary valuations to real property owners on or before January 15 of  
28 each year. Such notice shall be (a) mailed to the taxpayer or (b)  
29 published on a web site maintained by the county assessor or by the  
30 county.

31 (3) The county assessor shall complete the assessment of real

1 property on or before March 19 of each year, except beginning January 1,  
2 2014, in any county with a population of at least one hundred fifty  
3 thousand inhabitants according to the most recent federal decennial  
4 census, the county assessor shall complete the assessment of real  
5 property on or before March 25 of each year.

6 Sec. 3. Section 77-1327, Revised Statutes Cumulative Supplement,  
7 2014, is amended to read:

8 77-1327 (1) It is the intent of the Legislature that accurate and  
9 comprehensive information be developed by the Property Tax Administrator  
10 and made accessible to the taxing officials and property owners in order  
11 to ensure the uniformity and proportionality of the assessments of real  
12 property valuations in the state in accordance with law and to provide  
13 the statistical and narrative reports pursuant to section 77-5027.

14 (2) All transactions of real property for which the statement  
15 required in section 76-214 is filed shall be available for development of  
16 a sales file by the Property Tax Administrator. All transactions with  
17 stated consideration of more than one hundred dollars or upon which more  
18 than two dollars and twenty-five cents in documentary stamp taxes are  
19 paid shall be considered sales. All sales shall be deemed to be arm's  
20 length transactions unless determined to be otherwise under  
21 professionally accepted mass appraisal techniques. The Department of  
22 Revenue shall not overturn a determination made by a county assessor  
23 regarding the qualification of a sale unless the department reviews the  
24 sale and determines through the review that the determination made by the  
25 county assessor is incorrect.

26 (3) The Property Tax Administrator annually shall make and issue  
27 comprehensive assessment ratio studies of the average level of  
28 assessment, the degree of assessment uniformity, and the overall  
29 compliance with assessment requirements for each major class of real  
30 property subject to the property tax in each county. The comprehensive  
31 assessment ratio studies shall be developed in compliance with

1 professionally accepted mass appraisal techniques and shall employ such  
2 statistical analysis as deemed appropriate by the Property Tax  
3 Administrator, including measures of central tendency and dispersion. The  
4 comprehensive assessment ratio studies shall be based upon the sales file  
5 as developed in subsection (2) of this section and shall be used by the  
6 Property Tax Administrator for the analysis of the level of value and  
7 quality of assessment for purposes of section 77-5027 and by the Property  
8 Tax Administrator in establishing the adjusted valuations required by  
9 section 79-1016. Such studies may also be used by assessing officials in  
10 establishing assessed valuations.

11 (4) For purposes of determining the level of value of agricultural  
12 and horticultural land subject to special valuation under sections  
13 77-1343 to 77-1347.01, the Property Tax Administrator shall annually make  
14 and issue a comprehensive study developed in compliance with  
15 professionally accepted mass appraisal techniques to establish the level  
16 of value if in his or her opinion the level of value cannot be developed  
17 through the use of the comprehensive assessment ratio studies developed  
18 in subsection (3) of this section.

19 (5) County assessors and other taxing officials shall electronically  
20 report data on the assessed valuation and other features of the property  
21 assessment process for such periods and in such form and content as the  
22 Property Tax Administrator shall deem appropriate. The Property Tax  
23 Administrator shall so construct and maintain the system used to collect  
24 and analyze the data to enable him or her to make intracounty comparisons  
25 of assessed valuation, including school districts and other political  
26 subdivisions, as well as intercounty comparisons of assessed valuation,  
27 including school districts and other political subdivisions. The Property  
28 Tax Administrator shall include analysis of real property sales pursuant  
29 to land contracts and similar transfers at the time of execution of the  
30 contract or similar transfer.

31 Sec. 4. Section 77-5023, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 77-5023 (1) Pursuant to section 77-5022, the commission shall have  
3 the power to increase or decrease the value of a class or subclass of  
4 real property in any county or taxing authority or of real property  
5 valued by the state so that all classes or subclasses of real property in  
6 all counties fall within an acceptable range.

7 (2) An acceptable range is the percentage of variation from a  
8 standard for valuation as measured by an established indicator of central  
9 tendency of assessment. The measure of central tendency shall be  
10 determined using sales under subsection (2) of section 77-1327 occurring  
11 five years preceding the assessment date, excluding the sales which  
12 constitute the lowest twenty percent of assessment ratios, for all  
13 classes or subclasses of real property. Acceptable ranges for the level  
14 of assessment are: (a) For agricultural land and horticultural land as  
15 defined in section 77-1359, sixty-nine to seventy-five percent ~~of actual~~  
16 ~~value~~; (b) for lands receiving special valuation, sixty-nine to seventy-  
17 five percent ~~of special valuation as defined in section 77-1343~~; and (c)  
18 for all other real property, ninety-two to one hundred percent ~~of actual~~  
19 ~~value~~.

20 (3) Any increase or decrease shall cause the level of assessment  
21 ~~value~~ determined by the commission to be at the midpoint of the  
22 applicable acceptable range.

23 (4) Any decrease or increase to a subclass of property shall also  
24 cause the level of assessment value determined by the commission for the  
25 class from which the subclass is drawn to be within the applicable  
26 acceptable range.

27 (5) Whether or not the level of assessment value determined by the  
28 commission falls within an acceptable range or at the midpoint of an  
29 acceptable range may be determined to a reasonable degree of certainty  
30 relying upon generally accepted mass appraisal techniques.

31 Sec. 5. Section 77-5026, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 77-5026 Pursuant to section 77-5023, if the commission finds that  
3 the level of assessment value of a class or subclass of real property  
4 fails to satisfy the requirements of section 77-5023, the commission  
5 shall issue a notice to the counties which it deems either undervalued or  
6 overvalued and shall set a date for hearing at least five days following  
7 the mailing of the notice unless notice is waived. The notice unless  
8 waived shall be mailed to the county clerk, county assessor, and  
9 chairperson of the county board. At the hearing the county assessor or  
10 other legal representatives of the county may appear and show cause why  
11 the value of a class or subclass of real property of the county should  
12 not be adjusted. A county assessor or other legal representative of the  
13 county may waive notice of the hearing or consent to entry of an order  
14 adjusting the value of a class or subclass of real property without  
15 further notice. At the hearing, the commission may receive testimony from  
16 any interested person.

17 Sec. 6. Section 77-5027, Revised Statutes Cumulative Supplement,  
18 2014, is amended to read:

19 77-5027 (1) The commission shall, pursuant to section 77-5026, raise  
20 or lower the valuation of any class or subclass of real property in a  
21 county when it is necessary to achieve equalization.

22 (2) On or before nineteen days following the final filing due date  
23 for the abstract of assessment for real property pursuant to section  
24 77-1514, the Property Tax Administrator shall prepare and deliver to the  
25 commission and to each county assessor his or her annual reports and  
26 opinions. Beginning January 1, 2014, for any county with a population of  
27 at least one hundred fifty thousand inhabitants according to the most  
28 recent federal decennial census, the reports or opinions shall be  
29 prepared and delivered on or before fifteen days following such final  
30 filing due date.

31 (3) The annual reports and opinions of the Property Tax

1 Administrator shall contain statistical and narrative reports informing  
2 the commission of the level of ~~value~~ and the quality of assessment of the  
3 classes and subclasses of real property within the county and a  
4 certification of the opinion of the Property Tax Administrator regarding  
5 the level of ~~value~~ and quality of assessment of the classes and  
6 subclasses of real property in the county.

7 (4) In addition to an opinion of level of ~~value~~ and quality of  
8 assessment in the county, the Property Tax Administrator may make  
9 nonbinding recommendations for consideration by the commission.

10 (5) The Property Tax Administrator shall employ the methods  
11 specified in section 77-112, the comprehensive assessment ratio study  
12 specified in section 77-1327, other statistical studies, and an analysis  
13 of the assessment practices employed by the county assessor. If necessary  
14 to determine the level of ~~value~~ and quality of assessment in a county,  
15 the Property Tax Administrator may use sales of comparable real property  
16 in market areas similar to the county or area in question or from another  
17 county as indicators of the level of ~~value~~ and the quality of assessment  
18 in a county. The Property Tax Administrator may use any other relevant  
19 information in providing the annual reports and opinions to the  
20 commission.

21 Sec. 7. This act becomes operative on January 1, 2016.

22 Sec. 8. Original sections 77-112, 77-5023, and 77-5026, Reissue  
23 Revised Statutes of Nebraska, and sections 77-1301, 77-1327, and 77-5027,  
24 Revised Statutes Cumulative Supplement, 2014, are repealed.

25 Sec. 9. Since an emergency exists, this act takes effect when  
26 passed and approved according to law.