

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 784

Introduced by Groene, 42; Erdman, 47.

Read first time January 05, 2022

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-202, Revised Statutes Cumulative Supplement, 2020; to change
- 3 provisions relating to a property tax exemption for hospitals; and
- 4 to repeal 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 2020, 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 tax year 2023 and each tax
7 year thereafter, in order for property of a hospital to qualify for
8 exemption under this subdivision (d), the hospital must permit licensed
9 medical practitioners in the community to use the hospital's facilities
10 regardless of whether the practitioner is employed by the hospital,
11 except that a hospital may prohibit a practitioner from using its
12 facilities if good cause is shown. If a hospital meets such requirement,
13 the property of such hospital shall be exempt under this subdivision (d)
14 in proportion to the percentage of the hospital's services that are
15 provided gratuitously. A hospital shall establish such percentage by
16 providing documentation to the applicable county assessor showing the
17 hospital's gross revenue for the most recently completed fiscal year and
18 an estimate of the value of the services that the hospital provided
19 gratuitously during such year. For purposes of this subdivision,
20 educational organization means (A) an institution operated exclusively
21 for the purpose of offering regular courses with systematic instruction
22 in academic, vocational, or technical subjects or assisting students
23 through services relating to the origination, processing, or guarantying
24 of federally reinsured student loans for higher education or (B) a museum
25 or historical society operated exclusively for the benefit and education
26 of the public. For purposes of this subdivision, charitable organization
27 includes an organization operated exclusively for the purpose of the
28 mental, social, or physical benefit of the public or an indefinite number
29 of persons and a fraternal benefit society organized and licensed under
30 sections 44-1072 to 44-10,109; and

31 (e) Household goods and personal effects not owned or used for

1 financial gain or profit to either the owner or user.

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

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

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

11 (5) Business and agricultural inventory shall be exempt from the
12 personal property tax. For purposes of this subsection, business
13 inventory includes personal property owned for purposes of leasing or
14 renting such property to others for financial gain only if the personal
15 property is of a type which in the ordinary course of business is leased
16 or rented thirty days or less and may be returned at the option of the
17 lessee or renter at any time and the personal property is of a type which
18 would be considered household goods or personal effects if owned by an
19 individual. All other personal property owned for purposes of leasing or
20 renting such property to others for financial gain shall not be
21 considered business inventory.

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

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

26 (8) Any personal property exempt pursuant to the Nebraska Advantage
27 Act or the Imagine Nebraska Act shall be exempt from the personal
28 property tax.

29 (9) Any depreciable tangible personal property used directly in the
30 generation of electricity using wind as the fuel source shall be exempt
31 from the property tax levied on depreciable tangible personal property.

1 Any depreciable tangible personal property used directly in the
2 generation of electricity using solar, biomass, or landfill gas as the
3 fuel source shall be exempt from the property tax levied on depreciable
4 tangible personal property if such depreciable tangible personal property
5 was installed on or after January 1, 2016, and has a nameplate capacity
6 of one hundred kilowatts or more. Depreciable tangible personal property
7 used directly in the generation of electricity using wind, solar,
8 biomass, or landfill gas as the fuel source includes, but is not limited
9 to, wind turbines, rotors and blades, towers, solar panels, trackers,
10 generating equipment, transmission components, substations, supporting
11 structures or racks, inverters, and other system components such as
12 wiring, control systems, switchgears, and generator step-up transformers.

13 (10) Any tangible personal property that is acquired by a person
14 operating a data center located in this state, that is assembled,
15 engineered, processed, fabricated, manufactured into, attached to, or
16 incorporated into other tangible personal property, both in component
17 form or that of an assembled product, for the purpose of subsequent use
18 at a physical location outside this state by the person operating a data
19 center shall be exempt from the personal property tax. Such exemption
20 extends to keeping, retaining, or exercising any right or power over
21 tangible personal property in this state for the purpose of subsequently
22 transporting it outside this state for use thereafter outside this state.
23 For purposes of this subsection, data center means computers, supporting
24 equipment, and other organized assembly of hardware or software that are
25 designed to centralize the storage, management, or dissemination of data
26 and information, environmentally controlled structures or facilities or
27 interrelated structures or facilities that provide the infrastructure for
28 housing the equipment, such as raised flooring, electricity supply,
29 communication and data lines, Internet access, cooling, security, and
30 fire suppression, and any building housing the foregoing.

31 (11) For tax years prior to tax year 2020, each person who owns

1 property required to be reported to the county assessor under section
2 77-1201 shall be allowed an exemption amount as provided in the Personal
3 Property Tax Relief Act. For tax years prior to tax year 2020, each
4 person who owns property required to be valued by the state as provided
5 in section 77-601, 77-682, 77-801, or 77-1248 shall be allowed a
6 compensating exemption factor as provided in the Personal Property Tax
7 Relief Act.

8 Sec. 2. Original section 77-202, Revised Statutes Cumulative
9 Supplement, 2020, is repealed.