

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: Revenue

- 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.