

Understanding Tax Credits & Certification of Taxable Value

NEBRASKA

Good Life. Great Service.

DEPARTMENT OF REVENUE

NACO Budget Workshop

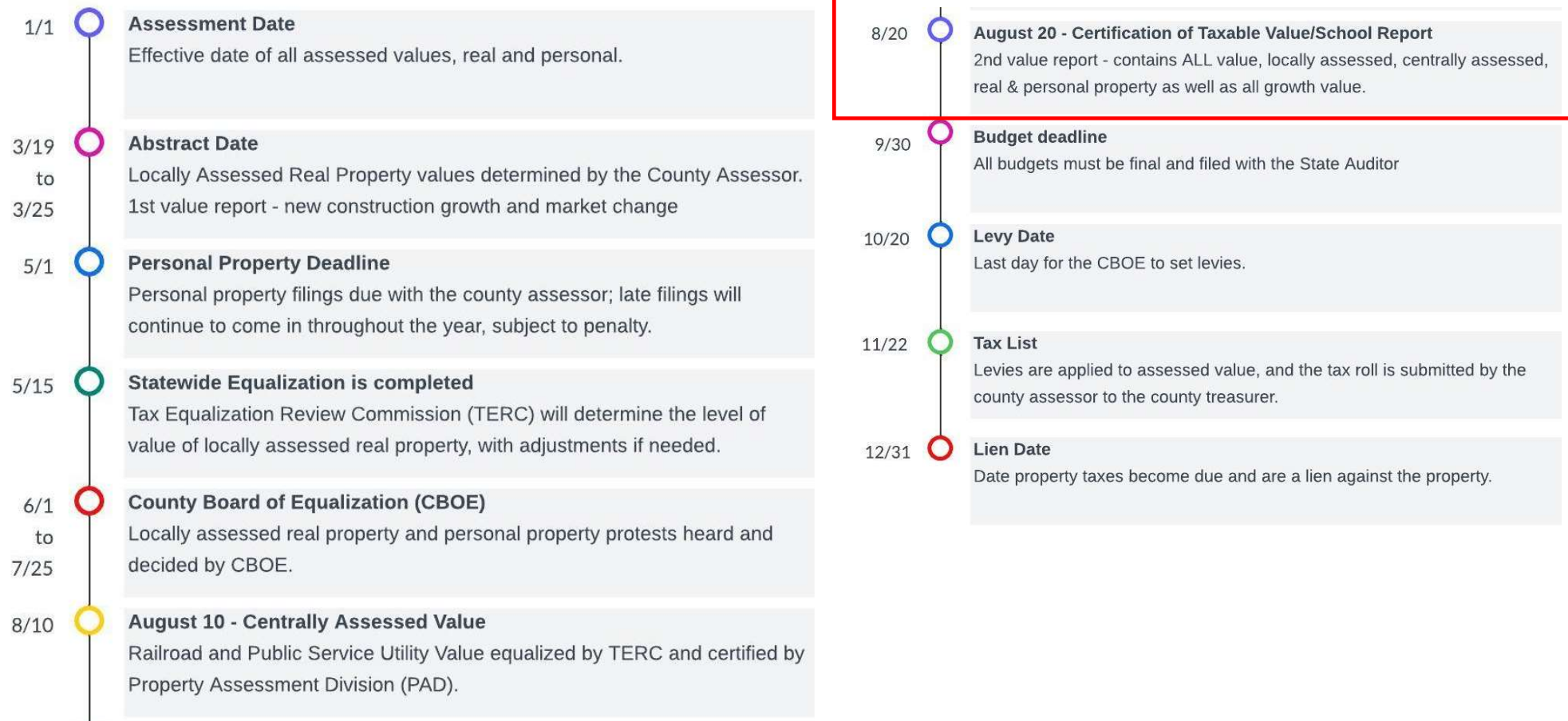
June 12, 2024

<https://revenue.nebraska.gov/PAD>

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*This guidance document may change with updated information or added examples. If this guidance document has been provided in print as part of a presentation given by Department staff, it is meant to accompany the verbal presentation. The information contained in this guidance document is **accurate** as of **June 12, 2024**. Consult the Department's website at revenue.nebraska.gov to view the most current information and sign up for our free subscription service to get updates on your topics of interest.*

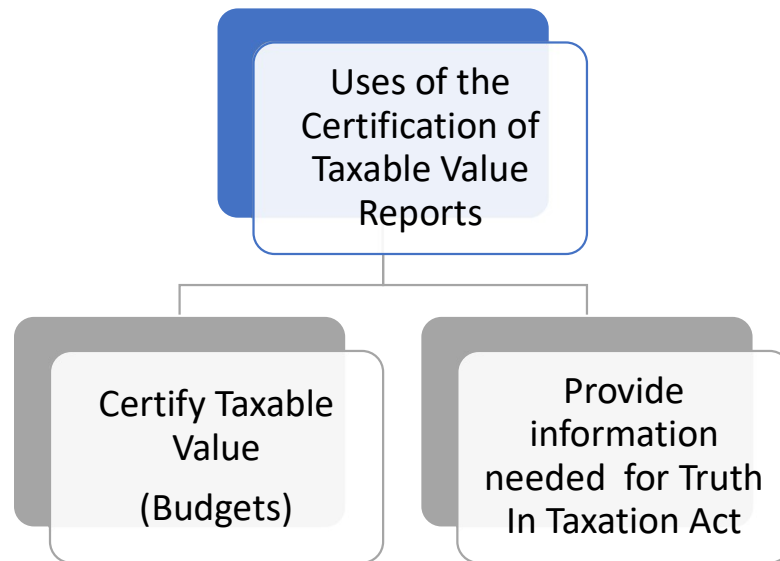
Property Valuation/Taxation Cycle



Certification of Taxable Value

- Required by [Neb. Rev. Stat. §13-509](#)
- Provided by county assessor to each political subdivision on or before August 20
- Provides current taxable value of each political subdivision
 - Real Property - The value established by the county assessor and equalized by the County Board of Equalization (CBOE) and Tax Equalization and Review Commission (TERC).
 - Personal Property – Net book value reported by taxpayer and certified by county assessor.

One Form – Two Uses



CERTIFICATION OF TAXABLE VALUE AND VALUE ATTRIBUTABLE TO GROWTH

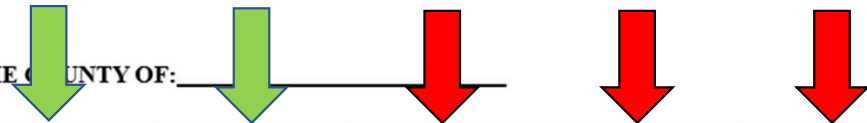
{format for all counties and cities.}

TAX YEAR _____

{certification required on or before August 20th of each year}

TO:

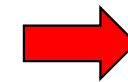
TAXABLE VALUE LOCATED IN THE COUNTY OF: _____



Name of Political Subdivision	Subdivision Type (County or City)	Value Attributable to Growth [*]	Total Taxable Value	Real Growth Value ^a	Prior Year Total Real Property Valuation	Real Growth Percentage ^b



Used for budgetary purposes in determining budget authority.



Used to determine whether a Joint Public Hearing is required under the Truth In Taxation Act.

^{*} Value attributable to growth is determined pursuant to Neb. Rev. Stat. § 13-518 which includes real and personal property and annexation, if applicable.

^a Real Growth Value is determined pursuant to Neb. Rev. Stat. § 77-1631 which includes (i) improvements to real property as a result of new construction and additions to existing buildings, (ii) any other improvements to real property which increase the value of such property, (iii) annexation of real property by the political subdivision, and (iv) a change in the use of real property; and (v) the annual increase in the excess value for any tax increment financing project located in the political subdivision, if applicable.

^b Real Growth Percentage is determined pursuant to Neb. Rev. Stat. § 77-1631 and is equal to the political subdivision's Real Growth Value divided by the political subdivision's total real property valuation from the prior year.

I _____ County Assessor hereby certify that the valuation listed herein is, to the best of my knowledge and belief, the true and accurate taxable valuation for the current year, pursuant to [Neb. Rev. Stat. §§ 13-509 and 13-518](#).

(signature of county assessor)

(date)

CC: County Clerk, _____ County

CC: County Clerk where district is headquarter, if different county, _____ County

Note to political subdivision: A copy of the Certification of Value must be attached to the budget document.

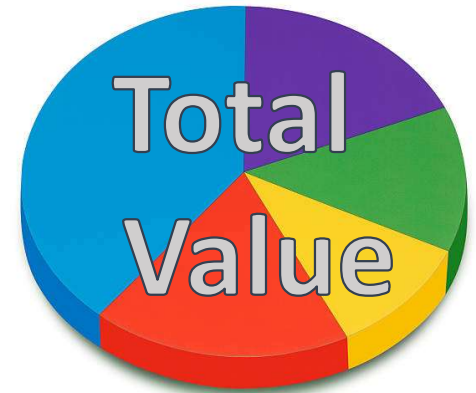
Total Taxable Value

Total Value of:

- Locally Assessed Real Property
- Locally Assessed Personal Property
- State Assessed Real Property
- State Assessed Personal Property

After:

- Statewide Equalization
- County Board Equalization



Prior Year Total **Real** Property Valuation

Total Value of:

Locally Assessed Real Property
State Assessed Real Property

After:

Statewide Equalization
County Board Equalization



Two Types of Growth Value

Value Attributed to Growth



- New Construction
- Additions to existing buildings
- Improvements to real property which increases the value of the property
- Annexation
- Any Personal Property valuation greater than the prior year for the political subdivision

Property Tax Request Act Growth (Real Growth Value)



- New Construction
- Additions to existing buildings
- Improvements to real property which increases the value of the property
- Annexation
- Changes in use of the real property
- Increase in excess value for any Tax Increment Financing projects

Real Growth Percentage

= Real Growth Value ÷ Prior Year Total Real Property Value

Real Growth Percentage + 2% = Allowable Growth
Percentage

Allowable Growth Percentage controls whether a County, City, School District, or Community College must participate in a Joint Public Hearing. See [Neb. Rev. Stat. §77-1631](#)



**TAX
CREDITS**

Three Credits



Real Property Tax Credit – applied directly to tax statements to reduce property taxes owed.



Nebraska Property Tax Credit – refundable income tax credit based on school and community college taxes paid.



Homestead Credit – qualified applicants only: 65 & over, certain veterans or spouses, certain disabled persons

Fiscal Impact of Tax Credits to Political Subdivisions

- No loss in budget authority
- No loss of tax revenue



Real Property Tax Credit (Property Tax Credit Act)

[Directive 23-5](#)

Appropriation from
Legislature +
Property Tax Credit
Cash Fund

\$395 million + 11.8
million = \$406.8
million estimated
for 2024

Real Property Tax Credit – Two Credit Rates

Agricultural Real Property Tax Credit

- Applies only to agricultural production acres and agricultural land receiving special valuation.
- Gets a higher portion of the credit

Non-agricultural Real Property Tax Credit

- Applies to all value that is not attributable to agricultural land including residential, commercial, agricultural farmsites/homesites, and Tax Increment Financing (TIF) parcels

Allocation of Credit -- Example

State Total – Credit Allocation Value

Taxable value of non-ag real property \$213b
 +
Taxable Value of ag land \$92.5 billion * 1.2 = \$111b
 Grand Total Credit Allocation Value = \$324b

Ratio of Credit – State Total

Non-ag \$213b/\$324 b = 65.74%
 Ag \$111b/\$324 b = 34.26%

65.74% * \$364m = \$239m available for non-ag credit
 34.26% * \$364m = \$125m available for ag credit

County Total – Credit Allocation Value

Taxable value of non-ag real property \$1.9b
 +
Taxable Value of ag land \$2billion * 1.2 = \$2.4b
 Grand Total Credit Allocation Value = \$4.3b

Ratio of Credit – State Total

Non-ag \$1.9b/\$213b = 0.9%
 Ag \$2.4b/\$111b = 2.2%

0.9% * \$239m = \$2.2m available for non-ag credit
 2.2% * \$125m = \$2.8m available for ag credit

$\$2.2m / \$1.9b = 0.0011579$

or \$115.79 per \$100,000 assessed value non-ag

$\$2.8m / \$2b = .0014000$

or \$140.00 per \$100,000 assessed value ag

Tax Credit Applies to Statement



Rachel Garver
Lancaster County Treasurer
555 South 10th Street, Suite 102
Lincoln, NE 68508
(402) 441-7425
lancaster.ne.gov/treasurer

IMPORTANT: Examine the notice before payment. The Treasurer is not responsible for payments on the wrong property. Keep this portion for your records. *Denotes Bond or Pension

Description	Tax Rate	Prior Tax Amount	Current Tax Amount
AG SOCIETY	0.0012280%	0.44	0.42
AG SOCIETY JPA	0.0016760%	0.70	0.58
COUNTY LIBRARY	0.0138940%	5.38	4.72
CRETE SCHOOLS	0.9650600%	360.30	327.26
EDUC SERV UNIT 6	0.0150000%	5.16	5.08
HIGHLAND FIRE DIST	0.0234030%	9.44	7.96
JAIL JPA COUNTY	0.0048430%	2.04	1.64
LANCASTER COUNTY	0.2223470%	89.66	75.40
LOWER PLATTE NIRD	0.0225250%	8.94	7.54
PUBLIC BLDG COMM	0.0150500%	5.82	5.08
RAILROAD SAFE DIST	0.0222170%	7.64	7.54
SE COMM COLLEGE	0.0937000%	32.22	31.78
*CRETE SCH 13 BOND	0.1107740%	54.56	37.58
*ESU 6 BLDG BOND 17	0.0005720%	0.22	0.20

Total Tax Rate: 1.5122890% 582.52 512.88

2023 Real Estate Tax Statement		
Parcel:		
Owner Name:		
Tax District:	0094 RURAL	
Situs Address:		
Legal Descriptic		
Total Taxes Due:	512.88	12/31/2023
1st Half Delinquent:	256.44	4/1/2024
2nd Half Delinquent:	256.44	8/1/2024

	Value	Tax Amount
Assessed Value:	480,700	7,269.58
Homestead Credit:	426,220	6,445.68
State Tax Credit:	0	261.34
Ag. Land Credit:		49.68
Taxable Value	54,480	512.88
Penalty:		0.00
Net Taxes Due:		512.88
Base:		
TIF Excess:		

SPECIAL MESSAGES

Funds Distributed to County



Real property tax credit funds are distributed to the county on or before January 31 and April 1 each year.

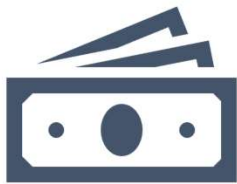


The county treasurer distributes these funds to the political subdivisions.

Nebraska Property Tax Credit

- Refundable income tax credit based on school and community college taxes paid.
- Note: Property taxes must be paid to the county treasurer before this credit can be received.
- 2024 – 30% school taxes paid, 50% community college
- 2025 – set to increase community colleges to 100%, then be state funded going forward.

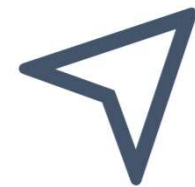
Nebraska Property Tax Credit (Cont.)



Claimed using a Form PTC with
Nebraska Income Tax Filing



Look-up tool provides data
necessary for filing.



See [DOR's Nebraska Property Tax Credits](#) landing page for
more information.

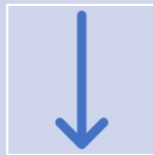
Homestead Exemption



Qualified applicants – see [Homestead Information Guide](#) for details



Applies to tax bills first (before Real Property Tax Credit)



Provided \$142.7 million in property tax relief in 2023.

Total Property Tax Relief - 2023

• Real Property Tax Credit	\$ 364.4 million
+ Nebraska Property Tax Credit	\$ 660.0 million
+ Homestead Exemption	<u>\$ 142.7 million</u>
	\$1,167.1 billion

Questions?



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