

**NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER:  
PUT THE BRAKES ON PROPERTY VALUATIONS.**

**BACKGROUND.** Property valuations in NE continue to skyrocket, causing property taxes to likewise skyrocket in both urban and rural communities. Despite continuous complaints and outrage from NE homeowners, farmers, ranchers, and business owners, the Legislature has applied only temporary fixes to this nagging tax problem, e.g., credit refunds. Many other states, including neighboring states, have tackled this dilemma by applying the brakes to this valuation/tax escalation in several similar ways. Nebraskans deserve this kind of relief.

**THE BILL.** **LB 695**, sponsored by Sen. Lou Ann Linehan, simply would exempt the first \$25,000 of taxable valuation from property tax for owners of all real property. If your home now assessed at \$250,000, your house would become taxed at \$225,000 valuation.

**OTHER STATES.** Delaware restricts increases in the property tax levy following a revaluation to 15% or less. Georgia mandates that cities use a rollback millage rate to offset increases in assessed value because of inflation. Indiana places several lids on property tax rates. Property tax bills on individual parcels capped at 1% of assessed value of primary homes, 2% for secondary residences and ag land, and 3% for all other properties. Michigan limits annual property tax revenue growth to the inflation rate and requires a rollback of property tax rates, if the increase in assessed value results in revenue exceeding inflation.<sup>1</sup> Colorado caps residential property tax at no more than 45% of statewide assessed value.



Iowa combines a statewide assessment limit with an ag tie that causes an assessment rollback, if residential property values in aggregate rise faster than ag assessments, or vice versa.<sup>2</sup> 19 states besides Connecticut have a valuation assessment limit which restricts the amount an individual homeowner taxes can increase because of hikes in a home assessed value.<sup>3</sup> In Arkansas, if countywide reassessment results in a 10% or more increase in property values, rates rolled back, so that no local government receives revenue growth higher than 10%.<sup>4</sup> The Washington State Constitution limits the annual rate of property taxes imposed on an individual parcel of property to 1% of its true and fair value.<sup>5</sup> In Texas, state senators raised the state homestead exemption,

the part of home value exempt from taxation, to \$25,000, the same amount as in **LB 695**. Now, Texans want the homestead exemption raised to \$70,000, so if one lives in a \$200,000 house, one pays taxes on only \$130,000. In Oklahoma, individuals who reside in a property as their primary residence can deduct a \$1,000 homestead allowance from the taxable value before the tax determined. Oldsters, the disabled, and veterans may qualify for additional homestead allowances.<sup>6</sup> The Ohio State Constitution prohibits government subdivisions from levying property taxes which in total exceed 1.0% of true valuation, unless voters override.<sup>7</sup> Idaho homeowner rules exempt 50% of a home value up to a specific dollar amount from taxation. From 2016 to 2021, the exemption in Idaho capped at \$100,000, despite high increases in assessed valuation there. The 2016 change excused many Idaho homeowners from paying property taxes on a much higher part of their home assessed value. In 2021, the state property tax code increased the homeowner exemption to \$125,000, no small potatoes!<sup>8</sup>

**OUR REASONING.** Partial exemptions on owner-occupied properties benefit residential taxpayers without distorting the market value tax base,<sup>9</sup> so taxing authorities should not complain. NE should join the current and increasing decisions by other states to limit the property valuation/property tax link. This bill would allow more senior citizens to remain in their homes, allow younger folks more ability to buy a home, and defuse the skyrocketing increase in NE property valuations and taxes.

<sup>1</sup> Ru Weller Passman, State by State Guide to Property Tax Rate Limitations, undated.

<sup>2</sup> Jared Walczak, Property Tax Limitation Regimes: A Primer, April 23, 2018.

<sup>3</sup> David Flemming, Property Tax Limits: A Modest Proposal from 46 States, 7-16-21,

<sup>4</sup> John V. Winters, Fiscal Research Center, Property Tax Limitations, undated.

<sup>5</sup> MRSC Empowering Local Governments, Property Tax in Washington State, 1-6-23.

<sup>6</sup> Oklahoma Policy Institute, undated.

<sup>7</sup> Property Tax Real-Ohio Dept. of Taxation, 2006.

<sup>8</sup> Dr. Stephanie Witt, Property Tax in Idaho, Oct. 21, 2022.

<sup>9</sup> Mark Haveman and Terri Sexton, Property Tax Assessment Limits, undated.

**TAKE ACTION NOW.** In the foreseeable future, property valuations will continue to increase dramatically because of the housing market itself and because state law requires county assessors to assess property according to state revenue department rules that ignore valuation hikes. A long-range solution is to lobby state senators to actually change the property valuation regulations promulgated by this department. If your state senator is on the Revenue Committee, lobby him/her when **LB 695** becomes scheduled for a public hearing. If the bill advances out of committee, lobby your senator to vote to pass the bill. Email [netaxpayers@gmail.com](mailto:netaxpayers@gmail.com) for state senator contact information and join our NTF *Legislature Watch Project*.

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