

**BEFORE THE NEBRASKA TAX EQUALIZATION  
AND REVIEW COMMISSION**

IN THE MATTER OF THE	)	<b>COUNTY NUMBER 51</b>
EQUALIZATION OF VALUE	)	<b>FINDINGS AND ORDERS</b>
OF REAL PROPERTY WITHIN	)	<b>(NO ADJUSTMENT AFTER</b>
KEITH COUNTY, NEBRASKA,	)	<b>SHOW CAUSE HEARING)</b>
FOR TAX YEAR 2010	)	

**APPEARANCES FOR THE COUNTY:**

Ruth Sorensen  
State Assessor for Keith County

**SUMMARY**

The Tax Equalization and Review Commission, as part of its equalization proceedings held pursuant to Neb. Const. art. IV, §28, and Neb. Rev. Stat. §77-5022 *et. seq.*, (Reissue 2009), after a hearing pursuant to Neb. Rev. Stat. §77-5026 (Reissue 2009) finds that the levels of value for real property in Keith County for tax year 2010, satisfy the requirements of Neb. Const. art. VIII, §1, and Neb. Rev. Stat. §77-5023(2) (Reissue 2009). The Commission therefore does not enter an order adjusting the value of real property within Keith County.

**I.  
REPORT AND OPINION  
OF THE PROPERTY TAX ADMINISTRATOR**

Keith County (“County”), as required by Neb. Rev. Stat. §77-1514 (Reissue 2009), timely filed its Abstract of Assessment for 2010. The Property Tax Administrator (“Administrator”), based on that abstract and other information available to the Administrator, has filed certain statistical and narrative reports with the Nebraska Tax Equalization and Review Commission (“Commission”) and further has certified the Administrator's opinion regarding the level of value

and the quality of assessment of real property in Keith County for tax year 2010, as required by Neb. Rev. Stat. §77-5027 (Reissue 2009).

## **II. REVIEW OF ASSESSMENT PRACTICES**

The level of value for any class or subclass of real property is indicated by its median assessment-sales ratio unless that ratio is deemed unreliable, the sample from which the ratio is drawn is not representative of the class or subclass, or the level of value has been determined based on other generally accepted mass appraisal techniques.

The uniformity and proportionality of assessments (the “quality” of assessments), under professionally accepted mass appraisal methods, are measured through the use of the Coefficient of Dispersion (“COD”) and the Price Related Differential (“PRD”).

## **III. APPLICABLE LAW**

The Commission is required to meet annually to equalize the assessed value, special value or recapture value of all real property as submitted by the county assessors on the abstracts of assessment and equalize the values of real property which is valued by the state. Neb. Rev. Stat. §77-5022 (Reissue 2009).

1. The Commission is required to raise or lower the valuation of a class or subclass of real property as necessary to achieve equalization. Neb. Rev. Stat. §77-5027 (Reissue 2009).
2. To achieve equalization the Commission is required to increase or decrease the value of a class or subclass of real property in any county or taxing authority or of real property

valued by the state so that all classes or subclasses of real property in all counties fall within an acceptable range. Neb. Rev. Stat. §77-5023(1) (Reissue 2009).

3. An acceptable range is the percentage of variation from a standard for valuation as measured by an established indicator of central tendency of assessment.  
Neb. Rev. Stat. §77-5023(2) (Reissue 2009).
4. The median has been adopted by Commission as the preferred established indicator of central tendency. 442, Neb. Admin. Code, ch. 9, §004 (6/09).
5. The acceptable ratio range for the median of the “Assessment-Sales Ratio” is from 69% to 75% of actual or fair market value for the class and subclasses of agricultural land and horticultural land not receiving special valuation pursuant to Neb. Rev. Stat. §77-1344; 69% to 75% of special valuation and 69% to 75% of recapture valuation for the class and subclasses of agricultural land and horticultural land receiving special valuation pursuant to Neb. Rev. Stat. §77-1344; and 92% to 100% of actual or fair market value for all other classes and subclasses of real property. Neb. Rev. Stat. §77-5023(2) (Reissue 2009).
6. The level of value for the special value of the agricultural land and horticultural land class of real property receiving special valuation and its subclasses may be determined through an income based methodology developed by the Property Tax Administrator pursuant to Neb. Rev. Stat. §77-1327(4) (Reissue 2009).
7. Whether or not the level of value determined by the Commission falls within the acceptable range may be determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques. Neb. Rev. Stat. § 77-5023(5) (Reissue 2009).

8. The appropriate COD range for the residential class and subclasses of real property is between 0 and 15 and the appropriate COD range for all other classes and subclasses of real property is between 0 and 20. 442 Neb. Admin. Code, ch. 9, §005.02 (6/09).
9. The appropriate PRD range for all classes and subclasses of real property is between .98 and 1.03. 442 Neb. Admin. Code, ch. 9, §005.03 (6/09).
10. The Property Tax Administrator annually shall make and issue comprehensive assessment ratio studies of the average level of assessment, the degree of assessment uniformity, and the overall compliance with assessment requirements for each major class of real property subject to the property tax in each county. The comprehensive assessment ratio studies shall be developed in compliance with professionally accepted mass appraisal techniques and shall employ such statistical analysis as deemed appropriate by the Property Tax Administrator, including measures of central tendency and dispersion. The comprehensive assessment ratio studies shall be based upon the sales file as developed in subsection (2) of this section and shall be used by the Property Tax Administrator for the analysis of the level of value and quality of assessment for purposes of section 77-5027 and by the Property Tax Administrator in establishing the adjusted valuations required by section 79-1016. Such studies may also be used by assessing officials in establishing assessed valuations. Neb. Rev. Stat. §77-1327(3) (Reissue 2009).
11. On or before nineteen days following the final filing due date for the abstract of assessment for real property pursuant to section 77-1514, the Property Tax Administrator shall prepare and deliver to the commission and to each county assessor his or her annual reports and opinions. Neb. Rev. Stat. §77-5027(2) (Reissue 2009).

12. The annual reports and opinions of the Property Tax Administrator shall contain statistical and narrative reports informing the commission of the level of value and the quality of assessment of the classes and subclasses of real property within the county and a certification of the opinion of the Property Tax Administrator regarding the level of value and quality of assessment of the classes and subclasses of real property in the county.

Neb. Rev. Stat. §77-5027(3) (Reissue 2009).

#### **IV. EVIDENCE BEFORE THE COMMISSION**

The Commission may consider and utilize the provisions of the Constitution of the United States, the Constitution of Nebraska, the laws of the United States, the laws of Nebraska, the Code of Federal Regulations, the Nebraska Administrative Code, any decision of the several courts of the United States or the State of Nebraska, and the legislative history of any law, rule, or regulation, without making the document a part of the record. The Commission may without inclusion in the record consider and utilize published treatises, periodicals, and reference works pertaining to the valuation or assessment of real or personal property or the meaning of words and phrases if the document is identified in the Commission's rules and regulations. Neb. Rev. Stat. §77-5016(3) (Reissue 2009). The Commission pursuant to statute has identified various published treatises, periodicals and reference works for its consideration and utilization. 442 Neb. Admin. Code, ch. 5, §32 (6/09). The Commission heard testimony and received exhibits. No other information or evidence, except that permitted by law, may be considered. Neb. Rev. Stat. §77-5016(3) (Reissue 2009). The Commission may evaluate the evidence presented utilizing its

experience, technical competence, and specialized knowledge. Neb. Rev. Stat. §77-5016(5) (Reissue 2009).

**V.  
FINDINGS OF FACT**

The Commission finds and determines the following concerning classes and subclasses of real property in Keith County:

**PROCEDURAL**

1. A statistical and narrative report informing the Commission of the level of value and the quality of assessments of the classes and subclasses of real property for Keith County and certifying the opinion of the Property Tax Administrator regarding the level of value and the quality of assessment of real property in Keith County, for the tax year 2010 was timely received by the Commission. (E51).
2. The level of value for any class or subclass real property is indicated by its median assessment-sales ratio unless the ratio is deemed unreliable, the sample from which it is drawn is not representative of the class or subclass, or the level of value has been determined based on other generally accepted mass appraisal techniques.
3. The level of value for special value of the agricultural land and horticultural land class of real property receiving special valuation and its subclasses was determined through an income based methodology developed by the Property Tax Administrator pursuant to Neb. Rev. Stat. §77-1327(4) (Reissue 2009).

4. The Commission's Order to Show Cause and Notice of Hearing dated May 3, 2010, proposing an adjustment to the level of value of real property in Keith County was mailed to the County Clerk, County Assessor, and Chairperson of the County Board for Keith County on May 3, 2010.
5. A hearing on the Commission's order proposing an adjustment was held May 10, 2010.

**RESIDENTIAL CLASS OF REAL PROPERTY  
AND ITS SUBCLASSES**

**THE CLASS**

6. The level of value indicated by the median for the residential class of real property is 96% of actual or fair market value, the COD is 19.73, and the PRD is 108.62, as shown by the Reports and Opinions of the Property Tax Administrator. (E51:7).
7. The statistical studies of the level of value and the quality of assessments are reliable and representative of the level of value and the quality of assessments for the residential class of real property.
8. The level of value for the residential class of real property as indicated by the median is within the acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.
9. The quality of assessment practices for the residential class of real property is not appropriate as shown by the COD.
10. The quality of assessment practices for the residential class of real property is not appropriate as shown by the PRD.

11. A measure of the quality of assessment practices for the residential class of real property cannot be improved by a percentage adjustment to the level of value for the class of residential real property as required by Neb. Rev. Stat. §77-5023 (Reissue 2009). An adjustment by a percentage to the level of value of a subclass of the residential class of real property might improve a measure of the quality of assessment practices but an adjustment for that purpose is not warranted.
12. The level of value for each subclass of the residential class of real property is either within the acceptable range, the number of sales for a subclass are insufficient to provide a reliable statistical study of the subclass, the median assessment-sales ratio has been determined to be unreliable, or an adjustment by a percentage of value is not appropriate based on the record before the Commission.
13. No increase or decrease by a percentage of the value for the residential class of real property, or a subclass thereof, is necessary.

**COMMERCIAL CLASS OF REAL PROPERTY  
AND ITS SUBCLASSES**

**THE CLASS**

14. The level of value indicated by the median for the commercial class of real property is 95% of actual or fair market value, the COD is 28.90, and the PRD is 113.23, as shown by the Reports and Opinions of the Property Tax Administrator. (E51:17).



15. The statistical studies of the level of value and the quality of assessments are reliable and representative of the level of value and the quality of assessments for the commercial class of real property.
16. The level of value for the commercial class of real property as indicated by the median, is within the acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.
17. The quality of assessment practices for the commercial class of real property is not appropriate as shown by the COD.
18. The quality of assessment practices for the commercial class of real property is not appropriate as shown by the PRD.
19. A measure of the quality of assessment practices for the commercial class of real property cannot be improved by a percentage adjustment to the level of value for the commercial class of real property as required by Neb. Rev. Stat. §77-5023 (Reissue 2009). An adjustment by a percentage to the level of value of a subclass of the commercial class of real property might improve a measure of the quality of assessment practices but an adjustment for that purpose is not warranted.

**Assessor Location Valuation Group 01 subclass of the commercial class of real property**

20. An increase in the amount of 6.39% was proposed by the Commission to bring the level of value indicated by the median for the Assessor Location Valuation Group 01 subclass of the commercial class of real property to the midpoint of the acceptable range as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques as required by Neb. Rev. Stat. §77-5023 (Reissue 2009). (E224)

21. The Commission after a hearing pursuant to Neb. Rev. Stat. §77-5026 (Reissue 2009), determines that no adjustment should be made.

**AGRICULTURAL LAND AND HORTICULTURAL LAND  
CLASS OF REAL PROPERTY  
NOT RECEIVING SPECIAL VALUATION**

**THE CLASS**

22. The level of value indicated by the median for the agricultural land and horticultural land class of real property not receiving special valuation is 71% of actual or fair market value, the COD is 19.58, and the PRD is 108.85. (E138).
23. The statistical studies of the level of value and the quality of assessments are reliable and representative of the level of value and the quality of assessments for the agricultural land and horticultural land class of real property not receiving special valuation.
24. The level of value for the agricultural land and horticultural land class of real property not receiving special valuation as indicated by the median, is within the acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.
25. The quality of assessment practices for the agricultural land and horticultural land class of real property not receiving special valuation is appropriate as shown by the COD.
26. The quality of assessment practices for the agricultural land and horticultural land class of real property not receiving special valuation is not appropriate as shown by the PRD.
27. A measure of the quality of assessment practices for the agricultural land and horticultural land class of real property not receiving special valuation cannot be improved by a

percentage adjustment to the level of value for the agricultural land and horticultural land class of real property not receiving special valuation as required by Neb. Rev. Stat. §77-5023 (Reissue 2009). An adjustment by a percentage to the level of value of a subclass of the agricultural land and horticultural land class of real property not receiving special valuation might improve a measure of the quality of assessment practices but an adjustment for that purpose is not warranted.

28. The level of value for each subclass of the agricultural land and horticultural land class of real property not receiving special valuation is either within the acceptable range, the number of sales for a subclass are insufficient to provide a reliable statistical study of the subclass, the median assessment-sales ratio has been determined to be unreliable, or an adjustment by a percentage of value is not appropriate based on the record before the Commission.
29. No increase or decrease by a percentage for the value of the agricultural land and horticultural land class of real property not receiving special valuation, or a subclass thereof, is necessary

**SPECIAL VALUE OF AGRICULTURAL LAND AND HORTICULTURAL LAND  
CLASS OF REAL PROPERTY  
RECEIVING SPECIAL VALUATION**

**THE CLASS**

30. The level of value for special value of the agricultural land and horticultural land class of real property receiving special valuation is 71% of special value. (E138).

31. The statistical studies of the level of value for special value are reliable and representative of the level of value for special value of the agricultural land and horticultural land class of real property receiving special valuation.
32. The level of value for special value of the agricultural land and horticultural land class of real property receiving special valuation is within the acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.
33. The level of value of special value for each subclass of the agricultural land and horticultural land class of real property receiving special valuation is either within the acceptable range, the number of sales for a subclass are insufficient to provide a reliable statistical study of the subclass, the median assessment-sales ratio has been determined to be unreliable, or an adjustment by a percentage of value is not appropriate based on the record before the Commission.
34. No increase or decrease by a percentage of special value for the agricultural land and horticultural land class of real property receiving special valuation, or a subclass thereof, is necessary.

**VI.  
VOTE**

The Findings and Order of the Commission were approved by a majority vote of the Commission after a motion and discussion at the hearing, with the following Commissioner(s) voting to approve the order: Salmon, Hotz, Warnes, and Wickersham.

**VII  
CONCLUSIONS OF LAW**

1. The Commission has jurisdiction over Keith County and the subject matter of this order.
2. No adjustment to the value of a class or subclass of real property in Keith County is required by law.

**VIII.  
ORDER**

**IT IS THEREFORE ORDERED THAT:**

1. No adjustment by a percentage by the Commission shall be made to the level of value for the residential class of real property in the County or a subclass thereof for tax year 2010.
2. No adjustment by a percentage by the Commission shall be made to the level of value for the commercial class of real property in the County or a subclass thereof for tax year 2010.
3. No adjustment by a percentage by the Commission shall be made to the level of value for the agricultural land and horticultural land class of real property not receiving special valuation in the County or a subclass thereof for tax year 2010.
4. No adjustment by a percentage by the Commission shall be made to the level of value for special value of the agricultural land and horticultural land class of real property receiving special valuation in the County a subclass thereof for tax year 2010.
5. These Findings and Orders shall be served on the Property Tax Administrator of the State of Nebraska via personal delivery, the Keith County Assessor via Certified United States Mail, return receipt requested, the Keith County Clerk, the Chairperson of the Keith

County Board and the Keith County Attorney via First Class United States Mail sufficient postage paid, on or before May 15, 2010, as required by Neb. Rev. Stat. §77-5028 (Reissue 2009).

6. This order is effective the date it is signed and sealed.

**SIGNED AND SEALED** May 14, 2010.

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*Nancy J. Salmon*, Commissioner

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*Robert W. Hotz*, Commissioner

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*William C. Warnes*, Commissioner

***Seal***

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*Wm. R. Wickersham*, Commissioner