

BEFORE THE NEBRASKA TAX EQUALIZATION AND REVIEW COMMISSION

Rick D. Jones,
Appellant,

v.

Nemaha County Board of Equalization,
Appellee,

Case Nos: 11A-083, 11A-084, 11A-085

Order Affirming the Determinations by the
Nemaha County Board of Equalization

For the Appellant:

Rick D. Jones,
Pro Se

For the Appellee:

Louie Ligouri,
Nemaha County Attorney

Heard before Commissioners Robert W. Hotz and Nancy J. Salmon.

I. THE SUBJECT PROPERTY

The Subject Property consists of three distinct agricultural parcels located in Nemaha County, Nebraska. The legal descriptions of the Subject Properties are found at Exhibit 1, Exhibit 2, and Exhibit 3.

II. PROCEDURAL HISTORY

For tax year 2011, the Nemaha County Assessor determined that the assessed value of the Subject Property was \$91,980 for the parcel in Case No. 11A-083, \$89,485 for the parcel in Case No. 11A-084, and \$198,470 for the parcel in Case No. 11A-085. Rick D. Jones protested these assessments to the Nemaha County Board of Equalization (County Board) and requested assessed valuations of \$62,475 in Case No. 11A-083, \$86,920 in Case No. 11A-084, and \$149,800 in Case No. 11A-085. The County Board determined that the taxable values for tax year 2011 were in the same amounts as assessed.¹

Jones appealed the decisions of the County Board to the Tax Equalization and Review Commission (Commission). The Commission held a hearing on September 24, 2012.

¹ Exhibits 1-3.

III. STANDARD OF REVIEW

The Commission’s review of the determination of the County Board of Equalization is de novo.² When the Commission considers an appeal of a decision of a county board of equalization, a presumption exists that the “board of equalization has faithfully performed its official duties in making an assessment and has acted upon sufficient competent evidence to justify its action.”³

That presumption remains until there is competent evidence to the contrary presented, and the presumption disappears when there is competent evidence adduced on appeal to the contrary. From that point forward, the reasonableness of the valuation fixed by the board of equalization becomes one of fact based upon all the evidence presented. The burden of showing such valuation to be unreasonable rests upon the taxpayer on appeal from the action of the board.⁴

The order, decision, determination or action appealed from shall be affirmed unless evidence is adduced establishing that the order, decision, determination, or action was unreasonable or arbitrary.⁵ Proof that the order, decision, determination, or action was unreasonable or arbitrary must be made by clear and convincing evidence.⁶

A Taxpayer must introduce competent evidence of actual value of the subject property in order to successfully claim that the subject property is overvalued.⁷ The County Board need not put on any evidence to support its valuation of the property at issue unless the taxpayer establishes the Board's valuation was unreasonable or arbitrary.⁸

In an appeal, the commission “may determine any question raised in the proceeding upon which an order, decision, determination, or action appealed from is based. The commission may consider all questions necessary to determine taxable value of property as it hears an appeal or cross appeal.”⁹ The commission may also “take notice of judicially cognizable facts and in addition may take notice of general, technical, or scientific facts within its specialized

² See, Neb. Rev. Stat. §77-5016(8) (2010 Cum. Supp.), *Brenner v. Banner Cty. Bd. of Equal.*, 276 Neb. 275, 286, 753 N.W.2d 802, 813 (2008).

³ *Brenner v. Banner Cty. Bd. Of Equal.*, 276 Neb. 275, 283, 753 N.W.2d 802, 811 (2008) (Citations omitted).

⁴ *Id.*

⁵ Neb. Rev. Stat. §77-5016(8) (2010 Cum. Supp.).

⁶ *Omaha Country Club v. Douglas Cty. Bd. of Equal.*, 11 Neb. App. 171, 645 N.W.2d 821 (2002).

⁷ Cf. *Josten-Wilbert Vault Co. v. Board of Equalization for Buffalo County*, 179 Neb. 415, 138 N.W.2d 641 (1965) (determination of actual value); *Lincoln Tel. and Tel. Co. v. County Bd. Of Equalization of York County*, 209 Neb. 465, 308 N.W.2d 515 (1981)(determination of equalized taxable value).

⁸ *Bottorf v. Clay County Bd. of Equalization*, 7 Neb.App. 162, 580 N.W.2d 561 (1998).

⁹ Neb. Rev. Stat. §77-5016(8) (2011 Supp.).

knowledge...,” and may “utilize its experience, technical competence, and specialized knowledge in the evaluation of the evidence presented to it.”¹⁰

IV. VALUATION

A. Law

Under Nebraska law,

[a]ctual value is the most probable price expressed in terms of money that a property will bring if exposed for sale in the open market, or in an arm’s length transaction, between a willing buyer and a willing seller, both of whom are knowledgeable concerning all the uses to which the real property is adapted and for which the real property is capable of being used. In analyzing the uses and restrictions applicable to real property the analysis shall include a full description of the physical characteristics of the real property and an identification of the property rights valued.¹¹

“Actual value may be determined using professionally accepted mass appraisal methods, including, but not limited to, the (1) sales comparison approach using the guidelines in section 77-1371, (2) income approach, and (3) cost approach.”¹² The Courts have held that “[a]ctual value, market value, and fair market value mean exactly the same thing.”¹³ Taxable value is the percentage of actual value subject to taxation as directed by section 77-201 of Nebraska Statutes and has the same meaning as assessed value.¹⁴ All real property in Nebraska subject to taxation shall be assessed as of January 1.¹⁵ All taxable real property, with the exception of agricultural land and horticultural land, shall be valued at actual value for purposes of taxation.¹⁶

Agricultural land and horticultural land shall be valued for purposes of taxation at seventy five percent of its actual value. Neb. Rev. Stat. §77-201 (2) (Reissue 2009). Agricultural land and horticultural land means a parcel of land which is primarily used for agricultural or horticultural purposes, including wasteland lying in or adjacent to and in common ownership or management with other agricultural land and horticultural land. Agricultural land and horticultural land does not include any land directly associated with any building or enclosed structure.¹⁷

¹⁰ Neb. Rev. Stat. §77-5016(6) (2011 Supp.).

¹¹ Neb. Rev. Stat. §77-112 (Reissue 2009).

¹² *Id.*

¹³ *Omaha Country Club v. Douglas County Board of Equalization, et al.*, 11 Neb.App. 171, 180, 645 N.W.2d 821, 829 (2002).

¹⁴ Neb. Rev. Stat. §77-131 (Reissue 2009).

¹⁵ See, Neb. Rev. Stat. §77-1301(1) (Reissue 2009)

¹⁶ Neb. Rev. Stat. §77-201(1) (Reissue 2009).

¹⁷ Neb. Rev. Stat. §77-1359 (1) (Reissue 2009).

“Parcel means a contiguous tract of land determined by its boundaries, under the same ownership, and in the same tax district and section.”¹⁸ “Agricultural or horticultural purposes means used for the commercial production of any plant or animal product in a raw or unprocessed state that is derived from the science and art of agriculture, aquaculture, or horticulture...”¹⁹

B. Summary of the Evidence

Rick Jones testified that the assessed value of the Subject Properties had been adversely affected by Missouri River floodwaters for four of the last five years ending in 2011. When considering the evidence, the Commission will focus on the events occurring most closely to and prior to the assessment date of January 1, 2011.²⁰

Jones testified that in 2009, he planted before the flooding, and then replanted about one-half of the acres after floodwaters receded, resulting in lower than average yields on only one-half of the total acres. In 2010 and 2011, according to Jones’ testimony, he was not able to replant after flooding, and had no production for both years.

For the 2010 tax year,²¹ Jones testified that he received a flood adjustment at the time of his protests for all three parcels. He provided evidence that after he protested his 2010 assessments, the Assessor in office at the time²² recommended flood adjustments be made to the assessed value of his properties for tax year 2010, and the County Board agreed with the recommendations.²³ For the parcel in Case No. 11A-083, the adjustment was approximately 30%.²⁴ For the parcel in Case No. 11A-084, there was no evidence for the percentage of the

¹⁸ Neb. Rev. Stat. §77-132 (Reissue 2009).

¹⁹ Neb. Rev. Stat. §77-1359 (2) (Reissue 2009).

²⁰ Neb. Rev. Stat. §77-1301(1) (Reissue 2009).

²¹ Exhibits 4 and 5 are the Property Valuation Protests for two of the three parcels in these appeals, 11A-083 and 11A-085. While it is true that, “[t]he prior year’s assessment is not relevant to the subsequent year’s valuation,” (*DeVore v. Bd. Of Equal.*, 144 Neb. 351, 13 N.W.2d 451 (1944); *Affiliated Foods Coop. v. Madison Co. Bd. Of Equal.*, 229 Neb. 605, 613, 428 N.W.2d 201, 206 (1988)), the Commission has weighed the probative value of the evidence in order to understand the basis for the flood adjustments that were afforded for 2010 tax year, but not for 2011 tax year, when the balance of the evidence indicated that significant flooding occurred in both 2009 and 2010.

²² The Nemaha County Assessor at the time of the 2010 tax year assessments, and at the time of the 2010 County Board of Equalization protests was not the Assessor serving at the time of this hearing, who took office in January 2011 and who assessed the Subject Properties for 2011.

²³ The recommendation by the Assessor appeared to be based upon the flooding that was then-present in July, 2010, rather than being related to the 2009 flooding: “Would be to allow the flood adjustment to the crop acres that are flooded.” (emphasis added). Exhibits 4 and 5.

²⁴ The assessed value of \$89,325 was reduced to \$62,475 ($\$62,475 / \$89,325 = 70\%$).

adjustment. For the parcel in Case No. 11A-085, the flood adjustment was approximately 22%.²⁵ The record before the Commission does not contain any basis for the calculation of these flood adjustments recommended by the Assessor and adopted by the County Board at the 2010 protest proceedings. Jones asserted that the assessed value of each parcel for tax year 2011 should remain consistent with the value determined by the County Board for tax year 2010, including the flood adjustments.

Jana Smith testified on behalf of the County Board. Smith testified that she had been the Nemaha County Assessor since January, 2011, and that from 1990 to 2011, she had served as the Deputy County Assessor. She testified that the Subject Properties were assessed for tax year 2011 using a mass appraisal sales comparison approach. Smith testified that she was aware of the flood adjustments that were made at protest proceedings in 2010, but she was unaware of what rationale, measurement, or other quantifiable factor was used by either the Assessor or the County Board to determine whether an adjustment should be made for tax year 2010, or what percentage should be applied if an adjustment were made. Smith testified that she determined that no flood adjustments should be made for the Subject Properties for tax year 2011.

Neither party offered evidence of the taxable value of the Subject Properties.

V. EQUALIZATION

A. Law

“Taxes shall be levied by valuation uniformly and proportionately upon all real property and franchises as defined by the Legislature except as otherwise provided in or permitted by this Constitution.”²⁶ Equalization is the process of ensuring that all taxable property is placed on the assessment rolls at a uniform percentage of its actual value.²⁷ The purpose of equalization of assessments is to bring the assessment of different parts of a taxing district to the same relative standard, so that no one of the parts may be compelled to pay a disproportionate part of the tax.²⁸ In order to determine a proportionate valuation, a comparison of the ratio of assessed value to

²⁵ The assessed value of \$192,835 was reduced to \$149,800 ($\$149,800 / \$192,835 = 78\%$).

²⁶ *Neb. Const.*, Art. VIII, §1.

²⁷ *MAPCO Ammonia Pipeline v. State Bd. of Equal.*, 238 Neb. 565, 471 N.W.2d 734 (1991).

²⁸ *MAPCO Ammonia Pipeline v. State Bd. of Equal.*, 238 Neb. 565, 471 N.W.2d 734 (1991); *Cabela's Inc. v. Cheyenne County Bd. of Equalization*, 8 Neb.App. 582, 597 N.W.2d 623, (1999).

market value for both the subject property and comparable property is required.²⁹ Uniformity requires that whatever methods are used to determine actual or taxable value for various classifications of real property that the results be correlated to show uniformity.³⁰ Taxpayers are entitled to have their property assessed uniformly and proportionately, even though the result may be that it is assessed at less than the actual value.³¹ The constitutional requirement of uniformity in taxation extends to both rate and valuation.³² If taxable values are to be equalized it is necessary for a Taxpayer to establish by “clear and convincing evidence that valuation placed on his [or her] property when compared with valuations placed on similar property is grossly excessive and is the result of systematic will or failure of a plain legal duty, and not mere error of judgment [sic].³³ “There must be something more, something which in effect amounts to an intentional violation of the essential principle of practical uniformity.”³⁴

B. Summary of the Evidence

No evidence was offered by either party of sales of properties comparable to the Subject Properties. The Commission therefore did not have any evidence upon which to consider a claim for relief based on Equalization.

VI. CONCLUSION

Based upon the evidence received, the Commission cannot conclude that there is competent evidence to rebut the presumption that the County Board faithfully performed its duties and had sufficient competent evidence to make its determination. The Commission also finds that there is not clear and convincing evidence that the County Board’s decision was arbitrary or unreasonable.

For all of the reasons set forth above, the determination of the County Board is affirmed.

²⁹ See, *Cabela's Inc. v. Cheyenne County Bd. of Equalization*, 8 Neb.App. 582, 597 N.W.2d 623 (1999).

³⁰ *Banner County v. State Board of Equalization*, 226 Neb. 236, 411 N.W.2d 35 (1987).

³¹ *Equitable Life v. Lincoln County Bd. of Equal.*, 229 Neb. 60, 425 N.W.2d 320 (1988); *Fremont Plaza v. Dodge County Bd. of Equal.*, 225 Neb. 303, 405 N.W.2d 555 (1987).

³² *First Nat. Bank & Trust Co. v. County of Lancaster*, 177 Neb. 390, 128 N.W.2d 820 (1964).

³³ *Newman v. County of Dawson*, 167 Neb. 666, 670, 94 N.W.2d 47, 49-50 (1959) (Citations omitted).

³⁴ *Id.* at 673, 94 N.W.2d at 50.

VII. ORDER

IT IS ORDERED THAT:

1. The decisions of the Nemaha County Board of Equalization determining the value of the Subject Properties for tax year 2011 are affirmed.
2. The assessed values of the Subject properties for tax year 2011 are as follows:

11A-083	\$91,980
11A-084	\$89,485
11A-085	\$198,470

3. This Order, if no appeal is timely filed, shall be certified to the Nemaha County Treasurer and the Nemaha County Assessor, pursuant to Neb. Rev. Stat. §77-5018 (2011 Supp.)
4. Any request for relief, by either party, which is not specifically provided for by this Order is denied.
5. Each party is to bear its own costs in this proceeding.
6. This Order shall only be applicable to tax year 2011.
7. This order is effective for purposes of appeal on October 1, 2012.

Signed and Sealed: October 1, 2012.

Robert W. Hotz, Commissioner

SEAL

Nancy J. Salmon, Commissioner

Appeals from any decision of the Commission must satisfy the requirements of Neb. Rev. Stat. §77-5019 (2011 Supp.), other provisions of Nebraska Statute and Court Rules.