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April 30, 2020

Paul Vaughan, Deputy County Attorney
Dodge County, Nebraska
P.O. Box 147
435 North Park, Ave.
Fremont, NE 68026-0147

Re: Dodge Co. v. Nebraska Tax Equalization and Review Commission (TERC)
2020 Statewide Equalization Show Cause Hearing

Dear Mr. Vaughan,

As requested, I have completed a consultative review of data related to the pending Show Cause hearing for Dodge County. As you are aware this consultation is related to the matter before the TERC and this is not a value analysis relative to any individual property assessment.

Observations, conclusions and recommendations are limited to the data reviewed.

Data Reviewed – (TERC Statewide Equalization Hearing Exhibits Referenced)

- 2020 Report and Opinions of the Property Tax Administrator (Exhibit 27)
- Letter from Dodge County Assessor (Exhibit 122)
- Dodge 2019 vs 2020 Comm-Ind Values Spreadsheet (Exhibit 123)
- 2019 Statewide Equalization results. (Referenced in Exhibit 27)

Initial Observations

- 2019 values within the commercial class appear to have been adjusted upward 12% during the 2019 Statewide Equalization process.
- The 2020 Report and Opinions of the Property Tax Administrator (2020 R&O) cites several deficiencies in the analysis relative to 2020 assessments:
 - Lack of quality sales qualification process/review.
 - Lack of equitable changes within the commercial property class for Valuation Group 1 (Fremont).
 - A reversal of 2019 TERC upward adjustment of 12% resulting from 2019 Statewide Equalization process.
- A partial conversion of valuation systems during the 2019 valuation process has created different valuation process within the property class.
- Commercial values that were selectively increased for 2020 will be unequalized with values that were unchanged or decreased for 2020.
- The reversal of the 2019 TERC adjustment of 12% to all properties within the commercial class, combined with the 25% increase to selected properties of 25%, creates an existing variance of 25% within the property class.
- 2020 R&O has recommended an increase of 37% to the commercial improvement values in Valuation Group 1 (Fremont)

Conclusions of Consultation

- Analysis completed relative to the 2020 valuations appears to have inconsistencies and application problems that cause the analysis to have no relevance to a statistically valid estimate of county-wide 2020 valuations nor current levels of assessment.
- If the 2020 R&O recommended increase of 37% is applied, the selected properties that were already increased 25% for 2020 will increase a total of 52%.
 - This increase would logically pull the assessment/sales ratio for the sales to well over 100%, and I see no way for the median to be within acceptable ranges, and the 2020 assessment/sales ratio will likely exceed 1.00.
- The 2020 R&O recommended increase of 37%, overstates the existing variance of 25% within the property class.
- The 2020 R&O notes lack of reliable 2020 data/analysis.
- The most statistically reliable basis for establishing the 2020 values is to utilize the findings from the 2019 R&O.
 - 2020 data and analysis are of questionable reliability
 - 2019 values were established by TERC with a presumption of statistical reliability at that that time.
 - Absent reliable 2020 data/analysis the 2019 data becomes the most statistically reliable data.

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Recommendations

- It is recommended that TERC increase Dodge County Commercial Valuation Group 1 (Fremont) by 12% for 2020.
- Recommended increase is based on a reliance of data cited within and by reference in the 2020 R&O.
- It is noted that some 2020 commercial values, and specifically any properties previously increased by 25% for 2020, combined with TERC mandated increases are likely to have 2020 assessments that exceed actual value on January 1, 2020.
- Dodge County should receive a recommendation to complete a revaluation of commercial properties for 2021 in conformance with guidance from the Nebraska Department of Revenue- Property Assessment Division.

Respectfully Submitted,



Thomas W. Kubert
Kubert Appraisal Group, P.C.