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

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| IN THE MATTER OF THE EQUALIZATION OF VALUE OF REAL PROPERTY WITHIN DEUEL COUNTY, NEBRASKA, FOR TAX YEAR 2012 | ) ) ) ) ) | COUNTY NUMBER 25 FINDINGS AND ORDERS (No Show Cause Hearing) |

## SUMMARY

The Tax Equalization and Review Commission, as part of its equalization proceedings finds that the levels of value of real property in Deuel County for tax year 2012 satisfy the requirements of the Laws of the State of Nebraska. The following findings of fact, conclusions of law, and order are issued pursuant to a motion adopted by a majority of the Commission.

## I. APPLICABLE LAW

1. The Commission has the power to review and equalize assessments of property for taxation within the state. Neb. Const. Art. IV, §28.
2. The Commission is required to meet annually to equalize the assessed value or special 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 (2011 Supp).
3. An assessment/sales ratio is a tool used under professionally accepted mass appraisal methods to measure and evaluate the level and uniformity of assessed values. The ratio is determined by dividing the assessed value of a parcel of real property by the sales price of that parcel. The assessment/sales ratio is expressed in terms of a percentage. 442 Neb. Admin. Code, ch. 9, §002.02 (06/11).
4. The Commission is required to raise or lower the valuation of a class or subclass of real property when it is necessary to achieve equalization. Neb. Rev. Stat. §77-5027 (2011 Supp).

5. If necessary to achieve equalization, the Commission is authorized 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).

6. 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).

7. The median has been adopted by the Commission as the preferred established indicator of central tendency. 442 Neb. Admin. Code, ch. 9, §004 (6/11).

8. 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 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).

9. Any increase or decrease shall cause the level of value determined by the commission to be at the midpoint of the acceptable range. Neb. Rev. Stat. §77-5023(3) (Reissue 2009).

10. Any increase or decrease to a subclass of property shall also cause the level of value determined by the commission for the class from which the subclass is drawn to be within the applicable acceptable range. Neb. Rev. Stat. §77-5023(4) (Reissue 2009).

11. 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).

12. The appropriate Coefficient of Dispersion (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 (6/11).

13. The appropriate Price Related Differential (PRD) range for all classes and subclasses of real property is between .98 and 1.03. 442 Neb. Admin. Code, ch. 9, §005.03 (6/11).

14. 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) (2011 Supp.).

15. 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) (2011 Supp.).

16. 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) (2011 Supp.).

17. In addition to an opinion of the level of value and quality of assessments, the Property Tax Administrator may make nonbinding recommendations for consideration by the Commission. Neb. Rev. Stat. §77-5027(4) (2011 Supp.)

## 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 2011). The Commission, pursuant to statute, has identified various published treatises, periodicals and reference works for its consideration and utilization. See, 442 Neb. Admin. Code,

ch. 5, §31 (6/11). The Commission heard testimony and received exhibits regarding the assessments of real property within the state. No other factual information or evidence, except that listed above or permitted by law, may be considered. See, Neb. Rev. Stat. §77-5016(3) (Reissue 2011). The Commission may evaluate the evidence presented utilizing its experience, technical competence, and specialized knowledge. Neb. Rev. Stat. §77-5016(6) (Reissue 2011).

## V.
## FINDINGS OF FACT

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

### A.
### PROCEDURAL

1. A statistical and narrative report informing the Commission of the level of value and the quality of assessments of real property in Deuel County and certifying the opinion of the Property Tax Administrator regarding the level of value and the quality of assessment of real property in Deuel County, for the tax year 2012, was timely received by the Commission. (E25).

2. 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 it is drawn is not representative of the class or subclass, or the level of value has been determined by the Property Tax Administrator based on other generally accepted mass appraisal techniques.

### B.
### RESIDENTIAL CLASS OF REAL PROPERTY AND ITS SUBCLASSES

3. The level of value indicated by the median for the residential class of real property is 93% of actual or fair market value, the COD is 14.86, and the PRD is 100.13, as shown by the Reports and Opinions of the Property Tax Administrator. (E25:11).

4. 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.

5. The level of value for the residential class of real property as indicated by the median is within the applicable acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.

6. The level of value for each subclass of the residential class of real property is either within the applicable acceptable range, the number of sales for a subclass is insufficient to provide a reliable statistical study of the subclass, or an adjustment by a percentage of value is not supported by clear and convincing evidence.

7. The quality of assessment practices for the residential class of real property is appropriate as shown by the COD.

8. The quality of assessment practices for the residential class of real property is appropriate as shown by the PRD.

9. No increase or decrease by a percentage of the value of the residential class of real property, or a subclass thereof, is supported by clear and convincing evidence.

## C.
## COMMERCIAL CLASS OF REAL PROPERTY AND ITS SUBCLASSES

10. The statistical studies for the commercial class of real property are based on 8 sales of commercial real property in a three year period. (E25:22). Those sales are insufficient to provide reliable statistical studies.

11. The Property Tax Administrator did not state an opinion regarding the level of value or the quality of assessments for the class or subclasses of commercial real property because the information available was an insufficient basis for opinion.

12. No basis for the formation of an opinion concerning the level of value or the quality of assessments for the class or a subclass of commercial real property has been presented to the Commission.

13. No increase or decrease by a percentage of the value of the commerical class of real property or a subclass thereof is supported by clear and convincing evidence.

## D.
## THE AGRICULTURAL LAND AND HORTICULTURAL LAND CLASS OF REAL PROPERTY NOT RECEIVING SPECIAL VALUATION AND ITS SUBCLASSES

14. The level of value indicated by the median for the real property class of agricultural land and horticultural land not receiving special valuation is 70% of actual or fair market value, the COD is 18.46, and the PRD is 103.11, as shown by the Reports and Opinions of the Property Tax Administrator. (E25:33).

15. The statistical studies of the level of value and the quality of assessments are reliable and are representative of the level of value and the quality of assessments for the real property class of agricultural land and horticultural land not receiving special valuation.

16. The level of value as indicated by the median for the real property class of agricultural land and horticultural land not receiving special valuation is within the applicable acceptable

range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.

17. The level of value for each subclass of the real property class of agricultural land and horticultural land not receiving special valuation is either within the applicable acceptable range, the number of sales for a subclass is insufficient to provide a reliable statistical study of the subclass, or an adjustment by a percentage of value is not supported by clear and convincing evidence.

18. The quality of assessment practices for the real property class of agricultural land and horticultural land not receiving special valuation is appropriate as shown by the COD.

19. The quality of assessment practices for the real property class of agricultural land and horticultural land not receiving special valuation is not appropriate as shown by the PRD.

20. The quality of assessment practices for the real property class of agricultural land and horticultural land not receiving special valuation cannot be improved by an adjustment by a percentage to the level of value nor can the quality of assessment practices within a subclass be improved by a percentage adjustment to the level of value for the subclass.

21. An adjustment by a percentage to the level of value of a subclass of the real property class of agricultural land and horticultural land not receiving special valuation might improve a measure of the quality of assessment practices for the class but an adjustment for that purpose is not warranted.

22. No increase or decrease by a percentage of value for the real property class of agricultural land and horticultural land not receiving special valuation or a subclass thereof is supported by clear and convincing evidence.

## VII.
## CONCLUSIONS OF LAW

1. The Commission has jurisdiction over Deuel County and the subject matter of this order.

2. No adjustment to the value of any class or subclass of real property in Deuel County is required by law.

## VIII.
## ORDER

**IT IS THEREFORE ORDERED THAT:**

1. No order proposing an adjustment of the value for a class or subclass of real property in Deuel County for tax year 2012, be entered and that no further proceedings be held to determine whether an adjustment should be made.

2. The Tax Commissioner and the Property Tax Administrator for the State of Nebraska, the Deuel County Assessor, the Deuel County Clerk, and the Chairperson of the Deuel County Board of Equalization, shall be sent a copy of this order as required by Neb. Rev. Stat. §77-5028 (Reissue 2009).

**SIGNED AND SEALED** May 9, 2012.

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*Nancy J. Salmon,* Commissioner

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*Thomas D. Freimuth,* Commissioner

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*Robert W. Hotz,* Commissioner

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