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April 24, 2014

Nebraska Tax Equalization and Review Commission  
P.O. Box 95108  
Lincoln, Nebraska  
68509-5108

Regarding:      Agenda Item:  
                    Sarpy County: Thursday, April 24, 2014, 9:00 a.m. Proposed Change: Increase All  
                    Agricultural Land Subject to Special Valuation by 11.75%.

Dear Commissioners:

The purpose of this letter is to demonstrate that a proposed increase of 12% in the assessed value of all agricultural land in Sarpy County subject to special valuation is unnecessary and contrary to the results of the analysis of the assessed values issued in the comparable counties of Burt, Cass, Nemaha, Otoe, Richardson, Saunders, and Washington. By way of spreadsheet and information from the 2014 Reports & Opinions of the Property Tax Administrator (PTA) we will present salient points for the commissioners to consider.

It is important to bear in mind that Sarpy County is a 100% "greenbelt" county and must rely on market data from comparable counties to derive agricultural special valuation.

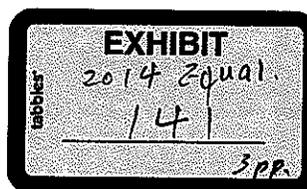
1. **2014 Land Valuation Group (LVG) Summary of Comparable Counties Spreadsheet**

This spreadsheet was assembled by the Sarpy County Assessor's Office using the sales of comparable counties provided to us by the Property Tax Administrator (PTA) comparing our LVG values with our comparable counties. The spreadsheet indicates that the Sarpy County values are at the same level as the comparable counties.

2. **Sarpy County 2014 Average Acre Value Comparison (pg. 21 of the R&O)**

There are several concerns with the comparisons made on this page. It appears that the market areas with the highest values are being presented for comparison.

- a. Market area 2 is presented for Burt County, but it appears more comparable to Dodge & Cuming County.
- b. Market area 3 only is represented for Saunders County. Why is market area 1 not included?
- c. Cass County has 24 market areas listed on their abstract of assessment. Yet, we see a market area 54 represented in the table. This is confusing as Cass County says that sales from area 54 were primarily from market area 1 of which Sarpy County has no comparable sales. The sales used for Sarpy County are coming from market areas 2 & 5.
- d. The "Weighted AVG" column could be considered misleading. This would typically be a number of common uniformity but majority soil types can reduce that commonality. A county with a predominant soil of 1A1 is going to carry a higher weighted average than a county with a predominate soil of 4A1. Example: Sarpy County majority is 2A;



Burt 2 majority is 1A/1A1; Otoe majority is 2A. The majority cannot be determined in Cass, Saunders, and Washington as the report shows only one area which is related to their abstract.

3. **Median Sales Ratio for each Comparable County Illustration – Sarpy County Values 2014**  
Sales ratios are plotted on the map using Sarpy County values compared to comparable county sales as provided by the PTA. What becomes clear is the significant market influence of the Omaha Metropolitan Area and those land sales for “other purposes” mentioned in statute 77-1343:

*77-1343 Agricultural or horticultural land; terms, defined. The purpose of sections 77-1343 to 77-1347.01 is to provide a special valuation for qualified agricultural or horticultural land so that the current assessed valuation of the land for property tax purposes is the value that the land would have without regard to the value the land would have for other purposes or uses. For purposes of sections 77-1343 to 77-1347.01:*

The counties of Washington, Saunders, Cass, and the North one-half of Otoe have historically been considered influenced. While the price of agricultural land has increased the influence has not ceased.

4. **Chart 1: Comparison of the Comparable Counties Sales File Data with actual 2014 Assessed Values**

While calculating parcel values with the LVG tables using information from the state sales file we discovered many values that are considerably different than the assessed values that the counties have actually assigned to parcels. (Highlighted in yellow)

Several things could account for the differences:

- a) Limitations of the state sales file. For instance, codes being used at the county level with values not represented within the LVG group they are combined into. (Reference directive 09-04 as one example)
  - Burt County record, 426502200
  - Nemaha County record, 640060153
  - Richardson County record, 740002627
  - Washington County record, 890025949
- b) The recorded land classification is not the classification the sale represents. For instance, the land is row crop that the previous owner underutilized as a brome field.
  - Cass County record, 130396222
  - Saunders County record, 000576500
- c) It is a physically changed parcel after the sale. For example:
  - Burt County record, 425601800
  - Cass County record, 130396222
  - Saunders County record, 000576500

5. **Chart 2: Comparison of Sarpy County's LVG Values to the Comparable County Assessed Values.**

Sarpy County is at the same level of value as the comparable counties. The data being used by the PTA for measuring Sarpy County is indicating a level of value different from what our analysis indicates. Sales in Washington County used in measuring Sarpy County show a median sales ratio in Sarpy County of 54.50% and 55.09% in Washington County. The R&O indicates Washington County's level of value at 73%. When we run the same sales in the other comparable counties Sarpy's median is ~~65.65%~~ with the comparable counties at 65.89%. The 12% proposed

66.00%

increase in Sarpy County would put us at a higher level of value than the comparable counties at 73.54% compared to 65.89%.

6. **2013 Comparable County LVG Table with R&O Level of Value**

Consider the 2013 LVG Summary of Comparable Counties From State Average Acre Value Comparison. All counties were in compliance and notice that the comparable counties LVG values were all equalized. Compare that report to the 2014 report and notice that the values again are all equalized. If all of our comparable counties have a starting point as accepted in 2013 and we all have similar increases and the median ratios are similar – how can Sarpy County be out of compliance?

Consider the NPAD 2013-2014 Real Property Value Percentage Change by County:

Burt	16.79%
Washington	10.12%
Saunders	14.75%
Sarpy	14.42%
Cass	17.38%
Otoe	16.18%
Nemaha	21.00%
Richardson	20.62%

If the TERC should order a 12% increase to Sarpy County's original 14% increase, our percentage change for 2014 will be 26%.

7. **Chart 3: Comparison of Uninfluenced County sales**

If influenced sales from the counties of Washington, Saunders (east), and Cass were excluded from the analysis. Sarpy County would be in compliance at 73.14%.

Respectfully,

Dan Pittman  
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