

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

IN THE MATTER OF EQUALIZATION  
OF VALUE OF REAL PROPERTY  
WITHIN DODGE COUNTY, NEBRASKA,  
FOR TAX YEAR 2019

COUNTY NUMBER 27

ORDER TO SHOW CAUSE AND  
NOTICE OF HEARING

Appendix Item # 34a  
Date 4-24-2019

**SUMMARY**

The following findings, conclusions of law, and this order are issued pursuant to a motion adopted by a majority of the Nebraska Tax Equalization and Review Commission (the Commission). The Commission is issuing an Order to Show Cause why the value of certain real property in Dodge County should not be adjusted. A hearing will be held at which the legal representatives of Dodge County and other interested persons may show why the proposed adjustment should not be made.

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

The Property Tax Administrator ("Administrator"), based on the Abstract of Assessment for Dodge County ("County"), and other information available to the Administrator, has filed statistical and narrative reports with the Commission, including a certification of the Administrator's opinion regarding the level of value and the quality of assessments of real property in the County.<sup>1</sup>

**II. APPLICABLE LAW**

1. The Commission has the power to review and equalize assessments of property for taxation within the state.<sup>2</sup>

<sup>1</sup> Neb. Rev. Stat. §77-5027 (Reissue 2018)

<sup>2</sup> Neb. Const. Art. IV, §28.

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2. The Commission is required to meet annually to equalize the assessed values and special values of all real property based on the abstracts submitted by the county assessors.<sup>3</sup> The Commission must also equalize the values of real property valued by the State.<sup>4</sup>
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 its sales price. The assessment/sales ratio is expressed as a percentage.<sup>5</sup>
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.<sup>6</sup>
5. 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.<sup>7</sup>
6. Nebraska law defines an acceptable range as "... the percentage of variation from a standard for valuation as measured by an established indicator or central tendency of assessment."<sup>8</sup>
7. The median has been adopted by the Commission as the preferred established indicator of central tendency.<sup>9</sup>

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<sup>3</sup> Neb. Rev. Stat. §77-5022 (Reissue 2018).

<sup>4</sup> Neb. Rev. Stat. §77-5022 (Reissue 2018).

<sup>5</sup> 442 Neb. Admin. Code, Ch. 9, §002.02 (06/11).

<sup>6</sup> Neb. Rev. Stat. §77-5027 (Reissue 2018).

<sup>7</sup> Neb. Rev. Stat. §77-5023(1) (Reissue 2018).

<sup>8</sup> Neb. Rev. Stat. §77-5023(2) (Reissue 2018).

<sup>9</sup> 442 Neb. Admin. Code, Ch. 9, §004 (06/11).

8. The acceptable ratio range for the median of the assessment/sales ratio for each class of property is as follows: 69% to 75% for the class and subclasses of agricultural land and horticultural land not receiving special valuation, 69% to 75% for the class and subclasses of agricultural land and horticultural land receiving special valuation, and 92% to 100% of actual value or fair market value for all other classes and subclasses of real property.<sup>10</sup> Special valuation is defined in Neb. Rev. Stat. §77-1344.
9. Whether the level of value determined by the Commission falls within the acceptable range may be determined to a reasonable degree of certainty using generally accepted mass appraisal techniques.<sup>11</sup>
10. If the Commission makes an initial determination that the level of value of a class or subclass of real property within a county fails to satisfy the requirements of Neb. Rev. Stat. §77-5023, the Commission is required to issue a notice to the county for a hearing on five days' notice. At the hearing, legal representatives of the county and interested persons may show why an adjustment is unnecessary.<sup>12</sup>
11. Any increase or decrease shall cause the level of value determined by the Commission to be at the midpoint of the acceptable range.<sup>13</sup>
12. 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.<sup>14</sup>

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<sup>10</sup> Neb. Rev. Stat. §77-5023(2) (Reissue 2018).

<sup>11</sup> Neb. Rev. Stat. § 77-5023(5) (Reissue 2018).

<sup>12</sup> Neb. Rev. Stat. §77-5026 (Reissue 2018).

<sup>13</sup> Neb. Rev. Stat. §77-5023(3) (Reissue 2018).

<sup>14</sup> Neb. Rev. Stat. §77-5023(4) (Reissue 2018).

13. An increase or decrease to the value of a class or subclass of real property in Dodge County may only be made after a hearing held no less than five days after mailing notice of the hearing to the county clerk, county assessor, and the chairperson of the county board unless notice is waived.<sup>15</sup>
14. The Property Tax Administrator shall make annual comprehensive assessment ratio studies of the average level and degree of uniformity of the assessments as well as compliance with assessment requirements for each major class of real property subject to the property tax in each county. Such 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. These studies shall be used by the Property Tax Administrator for the analysis of the level of value and quality of assessment for purposes of Neb. Rev. Stat. §77-5027, by the Property Tax Administrator in establishing the adjusted valuations required by statute and also by assessing officials in establishing assessed valuations.<sup>16</sup>

### **III. EVIDENCE BEFORE THE COMMISSION**

The Commission may consider 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 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,

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<sup>15</sup> Neb. Rev. Stat. §77-5026 (Reissue 2018).

<sup>16</sup> Neb. Rev. Stat. §77-1327(3) (Reissue 2018).

consider treatises, periodicals, and reference works pertaining to valuation and 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.<sup>17</sup> The Commission, pursuant to statute, has identified various treatises, periodicals, and reference works for its consideration.<sup>18</sup> 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.<sup>19</sup> The Commission may evaluate the evidence utilizing its experience, technical competence, and specialized knowledge.<sup>20</sup>

#### **IV. FINDINGS OF FACT**

##### **A. PROCEDURAL**

A statistical and narrative report informing the Commission of the level of value and the quality of assessments of real property in Dodge County and certifying the opinion of the Property Tax Administrator regarding the level of value and the quality of assessment of real property in Dodge County for tax year 2019 was timely received by the Commission. (E27). 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 based on other generally accepted mass appraisal techniques.

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<sup>17</sup> Neb. Rev. Stat. §77-5016(3) (Reissue 2018).

<sup>18</sup> See 442 Neb. Admin. Code, Ch. 5, §31 (06/11).

<sup>19</sup> See Neb. Rev. Stat. §77-5016(4) (Reissue 2018).

<sup>20</sup> Neb. Rev. Stat. §77-5016(6) (Reissue 2018).

## B. SUBSTANTIVE

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

1. The level of value indicated for the commercial class of real property is 88.01% of actual or fair market value as shown by the Reports and Opinions of the Property Tax Administrator. (E27:26).
2. The level of value indicated for the Valuation Group 1 subclass of the commercial class of real property is 89.17% of actual or fair market value as shown by the Reports and Opinions of the Property Tax Administrator. (E27:26).
3. The statistical studies of the level of value are reliable and are representative of the level of value for the Valuation Group 1 subclass of the commercial class of real property.
4. The level of value for the Valuation Group 1 subclass of the commercial class of real property is not within the applicable acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.
5. An increase in the amount of 12% applied to the improvement component of all parcels in the Valuation Group 1 subclass of the commercial class of real property may bring the level of value indicated by the median to the midpoint of the applicable 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 2018). (E108:1-5).
6. If the level of value is changed as proposed in Paragraph 4 of this section, the level of value indicated by the median for the Valuation Group 1 subclass of the commercial class of real property, determined to a reasonable degree of certainty relying upon generally

accepted mass appraisal techniques, will be 96.38% of actual or fair market value, the COD will be 20.81, and the PRD will be 107.32. (E108:2).

7. If the level of value is changed as proposed in Paragraph 4 of this section, the level of value indicated by the median for the commercial class of real property, determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques, will be 96% of actual or fair market value, the COD will be 26.81, and the PRD will be 109.13. (E108:1).

## V. CONCLUSIONS OF LAW

1. The Commission has subject matter jurisdiction.
2. The Commission is required to issue a notice for a hearing allowing legal representatives of Dodge County and other interested persons to show why the value of real property in the County should not be adjusted.



## VI. ORDER

### IT IS THEREFORE ORDERED THAT:

1. A hearing to determine whether the value of real property in Dodge County should be adjusted be held on May 2, 2019, at 1:00 p.m. Central Daylight Saving Time, or as soon thereafter as the case may be heard, in the Tax Equalization and Review Commission Hearing Room, Sixth Floor, Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.
2. Legal representatives of Dodge County and other interested persons may appear at the hearing and show why adjustments to the level of value by percentages, not greater than as follows, should not be made: An increase in the amount of 12% applied to the

improvement component of all parcels in the Valuation Group 1 subclass of the commercial class of real property.

3. At the hearing, the Commission will receive testimony from any interested person pursuant to Neb. Rev. Stat. §77-5026 (Reissue 2018).
4. This Order shall be served on the Property Tax Administrator of the State of Nebraska, via personal delivery, and the County Assessor, the County Clerk, the Chairperson of the County Board of Equalization, and the County Attorney of Dodge County, via Certified United States Mail, return receipt requested, as notice of the ordered hearing. No other notice need be given.
5. This order is effective date it is signed and sealed.

**SIGNED AND SEALED:** April 19, 2019



*Steven A. Keetle*

Steven A. Keetle, Commissioner

*Robert W. Hotz*

Robert W. Hotz, Commissioner

*James D. Kuhn*

James D. Kuhn, Commissioner