

NEBRASKA ADMINISTRATIVE CODE

**Title 350 – Nebraska Department of Revenue, Property Assessment Division
Chapter 80 – School Adjusted Valuation Regulations
Effective Date – 7/3/2013**

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**Title 350 – Nebraska Department of Revenue, Property Assessment Division
Chapter 80 – School Adjusted Valuation Regulations**

REG-80-001 PURPOSE

001.01 These regulations specify the requirements and procedures of the Property Tax Administrator and Tax Commissioner in establishing the adjusted valuation pursuant to the Tax Equity and Educational Opportunities Support Act, see Neb. Rev. Stat. § 79-1003(2), for each local system and school district in Nebraska. The purpose of school adjusted valuation in the state aid formula is to reflect, as nearly as possible, the fully assessable value for each local system or school district, pursuant to Neb. Rev. Stat. § 79-1016(3).

The Property Tax Administrator determines the assessment level for each local system or school district, relying primarily on two sources of information: a comprehensive ratio study developed in compliance with professionally-accepted mass appraisal techniques; and an ongoing review of assessment practices within each county by the Nebraska Department of Revenue, Property Assessment Division.

The techniques used in the development and use of a ratio study are described in the 2013 Standard on Ratio Studies, issued by the International Association of Assessing Officers (IAAO). This Standard suggests that ratio studies require a statistically reliable sample of sales to represent the level of value for the jurisdiction being measured.

The IAAO publications referred to are available to the public and maintained at the Department's office in Lincoln, Nebraska, for viewing during normal business hours.

Neb. Rev. Stat. §§ 77-702, 79-1003, and 79-1016.

REG-80-002 DEFINITIONS

002.01 Centrally assessed property means property valued by the Division. For purposes of school adjusted value, centrally assessed property includes owned or leased operating property of railroad companies and public service entities.

002.02 Clerical error means transposition of numbers, mathematical error, computer malfunction causing programming and printing errors, data entry error, items of real property other than land identified on the wrong parcel, incorrect ownership, or certification of an incorrect valuation to political subdivisions, pursuant to Neb. Rev. Stat. § 77-128.

002.03 Direct equalization means the process of converting the level of value for a class or subclass of real property into an adjustment factor, and changing the assessed values of real property in the class or subclass to more closely reflect the level of assessment required in Nebraska statutes.

002.04 Division means the Property Assessment Division of the Nebraska Department of Revenue.

002.05 Indirect equalization means the process of estimating the total taxable valuation in a jurisdiction.

002.06 Local system means a learning community, unified system, a Class VI school district and the associate Class I school districts, or a Class II, III, IV, or V school district and any affiliated Class I school districts or portions of Class I school districts.

002.07 Learning community means a political subdivision which shares the territory of member school districts and is governed by a learning community coordinating council. The fiscal year for a learning community is the same as for member school districts. For purposes of state aid calculations, the learning community designation

takes effect in the second full school fiscal year after becoming a learning community and each school fiscal year thereafter, pursuant to Neb. Rev. Stat. § 79-1003(27).

002.07 Redevelopment project value means the assessed value of the taxable real property in a redevelopment project for the year prior to the effective date of the provision dividing the ad valorem tax pursuant to Neb. Rev. Stat. § 18-2147.

002.08 School district means any Class I, II, III, IV, V, or VI school district and a unified system as defined in Neb. Rev. Stat. § 79-4,108.

002.09 Value strata means a grouping of properties with similar assessed values, such as all properties assessed from \$0 to \$25,000, \$25,000 to \$50,000, and \$50,000 to \$100,000.

Neb. Rev. Stat. §§18-2103, 18-2147, 77-112, 77-120, 77-702, 77-1327, 77-5027, 79-4,108, 79-1003, and 79-2101.

REG-80-003 PROCEDURES

003.01 On or before August 25 of each year, the county assessor must certify to the Property Tax Administrator the total taxable value including centrally assessed values, by each school district in the county for the current assessment year on forms prescribed by the Tax Commissioner. The county assessor may amend the filing for changes made to the taxable valuation of the school district in the county if corrections or errors on the original certification are discovered. Amendments must be certified to the Property Tax Administrator on or before September 30.

003.01A Establishment of the school adjusted valuations for real property is based on the level of value as defined in REG-12-002 for each class or subclass, determined from an analysis of the assessment/sales ratio study, assessment practices, or any other studies and information developed by the Property Tax Administrator that are in compliance with professionally-accepted mass appraisal techniques.

003.02 The Property Tax Administrator determines the real property adjustment factors, for purposes of school adjusted valuation.

003.02A For residential property, including rural residential, recreational property, commercial property, industrial property, agricultural residences, farm home site land, agricultural improvements, farm site land, and minerals, the adjustment factor is 96% divided by the level of value for each local system or school district, in whole or in part.

003.02B For agricultural and horticultural land, as defined by Neb. Rev. Stat. § 77-1359, the adjustment factor is 72% divided by the level of value for each local system or school district, in whole or in part.

003.02B(1) For agricultural and horticultural land that receives a special valuation pursuant to Neb. Rev. Stat. § 77-1344, the adjustment factor is 72% of the special valuation as defined in Neb. Rev. Stat. § 77-1343 divided by the level of value for each local system or school district, in whole or in part.

003.02C For centrally assessed real property, the adjustment factor is 96% divided by the level of value for railroad companies and public service entities as determined by the Tax Equalization and Review Commission during the annual statewide equalization proceedings.

003.02D If the level of value cannot be determined for the class or subclass of real property, no adjustment will be made.

003.03 To determine the school adjusted value for real property by class in each local system or school district, the adjustment factors are applied to the total assessed valuation of the class, minus any redevelopment project value of the class, as reported to the Property Tax Administrator by the county assessor. For centrally assessed property, the adjustment factor is applied to the real property and the franchise value portion of the assessed value of railroad companies and public service entities.

003.04 Real property which is part of a redevelopment project value is not adjusted by the Property Tax Administrator, pursuant to Neb. Rev. Stat. § 18-2149.

003.05 To determine the total adjusted valuation by each local system or school district for certification to the Department of Education, the Property Tax Administrator adds to the adjusted real property valuation the total net book value for all taxable personal property, including the net book personal property of railroad companies and public service entities, and any redevelopment project value in each local system or school district.

003.06 The Property Tax Administrator determines the level of value for the local system or school district, by county and by various classes of property, based upon an analysis of assessment/sales ratio studies and other studies developed by the Property Tax Administrator, in compliance with professionally-accepted mass appraisal techniques, as required by Neb. Rev. Stat. § 77-1327.

003.06A Assessment/sales ratio studies are developed pursuant to Neb. Rev. Stat. § 77-1327 and Chapter 12, Sales File Regulations.

003.06B Assessment practice studies are developed pursuant to Neb. Rev. Stat. § 77-5027 and Chapter 17, Report and Opinion Regulations.

003.07 The weighted mean ratio, is the preferred measure of central tendency in determining the assessment level for purposes of school adjusted valuation because of its dollar-weighting feature useful in determining the fully assessable value of a local system or school district. To address the potential influences of high dollar sales in the weighted mean calculation, the Property Tax Administrator may analyze by value strata if it is determined that assessment levels vary among the spectrum of property values.

003.07A The weighted mean ratio is calculated by: (1) totaling the assessed values; (2) totaling the sales prices; and (3) dividing the total assessed values by the total sales prices.

003.08 The Property Tax Administrator will analyze both the assessment practices and statistical information available for each local system or school district in whole or in part within the county to determine if the valuation practices in the district are consistent with the county as a whole. This analysis determines whether the data available to the Property Tax Administrator regarding the level of value and quality of assessment is an adequate representation of the level of value and quality of assessment within each local system or school district in the county.

003.08A If the Property Tax Administrator determines the data regarding the level of value for the county does not adequately represent a particular local system or school district within the county, the Property Tax Administrator will document that information and provide an explanation of the factors led to that conclusion.

003.08B If the data available is sufficient to represent the level of value and quality of assessment for a particular local system or school district, the level of value for the district will be determined based on a comparison to the level of value of the county. If the two measures are reasonably similar, the level of value for the county will be used.

003.08C If, in the opinion of the Property Tax Administrator, the weighted mean ratio does not accurately reflect the assessment level for the class of property in a school district based on his or her knowledge of assessment practices in the county, or if the assessment/sales ratio studies

indicate an unrepresentative sample of sold parcels, the Property Tax Administrator may use an alternative method to determine the assessment level in the local system or school district. Any alternative method adopted by the Property Tax Administrator must rely on professionally-accepted mass appraisal techniques.

Neb. Rev. Stat. §§18-2147, 18-2149, 77-702, 77-1327, 77-1343, 77-1344, 77-1359, 77-5022, 77-5027, 79-1003, and 79-1016.

REG-80-004 APPEALS OR REQUESTS

004.01 On or before November 10, any local system may file with the Tax Commissioner written objections to the adjusted valuations, stating the reasons why the adjusted valuations are not the valuations required by Neb. Rev. Stat. § 79-1016.

004.02 The Tax Commissioner will establish a time for hearing the written objections of each objecting local system at the office of the Tax Commissioner. At the hearing, both parties will be allowed to introduce any evidence that is relevant and necessary for determining the adjusted valuation.

004.03 The burden of proof in the hearings is on the party protesting the Division's determination of adjusted valuation. The Division's determination is presumed correct, unless competent evidence is presented to the contrary. If competent evidence is produced by the protesting party, the reasonableness of the Division's action in determining adjusted valuation becomes one of fact based upon all of the evidence presented.

004.04 In rebutting the presumption that the Division's determination of the adjusted valuation is correct, the protesting party must show by clear and convincing evidence that the Division's determination was the result of a systematic exercise of intentional will or failure of plain duty, and not mere errors of judgment or a difference of opinion.

004.05 Based upon the evidence introduced at the hearing, the Tax Commissioner must enter a written order upholding or changing the adjusted valuations. On or before the following January 1, the Tax Commissioner must certify the order to the Department of Education and mail a copy of the written order to the local system within seven days after the date of the order.

004.06 Any final determination of the Tax Commissioner under this regulation may be appealed within 30 days after the date of the order to the Tax Equalization and Review Commission, pursuant to Neb. Rev. Stat. § 77-5013.

004.07 On or before November 10, any local system or county official may file with the Tax Commissioner a written request for a nonappealable correction of the adjusted valuation due to clerical error or valuation adjustment due to qualification or nonqualification of special valuation for agricultural and horticultural land, pursuant to Neb. Rev. Stat. §§ 77-1343 to 77-1347.01. On or before the following January 1, the Tax Commissioner must approve or deny the request. If approved, the corrected adjusted valuations must be recertified to the Department of Education with a copy forwarded to the local system and county official.

004.08 On or before May 31 of the year following the certification of the adjusted valuations to the Department of Education, any local system or county official may file a nonappealable request with the Tax Commissioner for a correction to the adjusted valuation of a local system or school district. The adjustment may only be based upon corrections to the tax list that changed the assessed valuations of taxable properties within that local system or school district.

004.09 Upon receiving the written request, the Tax Commissioner must notify the county assessor, or multiple county assessors if the school district extends into more than one county, of the request. The Property Tax

Administrator will provide the prescribed forms for the county assessor to report the recertified taxable valuation. The county assessor must file this report within 10 days of the Tax Commissioner's notification.

004.09A The county assessor will determine the recertified valuation by taking the original school district valuation as certified on the tax list for the prior tax year, and adding or subtracting the tax list corrections that have changed the original certified taxable value.

004.10 On or before the following July 31, the Tax Commissioner must approve or deny the request and if approved, certify the corrected adjusted valuations resulting from the action to the Department of Education.

Neb. Rev. Stat. §§ 77-702, 77-1343, 77-1344, 77-1345, 77-1345.01, 77-1346, 77-1347, 77-5013, 79-1003, and 79-1016.