

**NEBRASKA ADMINISTRATIVE CODE**

**Title 350 – Nebraska Department of Revenue, Property Assessment Division  
Chapter 17 – Report and Opinion Regulations  
Effective Date – 07.05.2017**

**Alphabetical Table of Contents**

<b>SUBJECT</b>	<b>STATUTORY AUTHORITY</b>	<b>SECTIONS</b>
Opinion	Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1343, 77-1344, 77-1377, 77-1514, and 77-5027.	004
Definitions	Neb. Rev. Stat. §§ 77-103.01, 77-702, and 77-1327.	002
Division Corrections and Amendments	Neb. Rev. Stat. § 77-702.	005
Purpose	Neb. Rev. Stat. §§ 77-702, 77-1327, and 77-5027.	001
Report and Opinion	Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1343, 77-1344, 77-1377, 77-1514, and 77-5027.	003
Tax Equalization and Review Commission Order Compliance Audit	Neb. Rev. Stat. §§ 77-702, 77-1330, 77-5028, and 77-5029.	006

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<b>SUBJECT</b>	<b>STATUTORY AUTHORITY</b>	<b>SECTIONS</b>
Purpose	Neb. Rev. Stat. §§ 77-702, 77-1327, and 77-5027.	001
Definitions	Neb. Rev. Stat. §§ 77-103.01, 77-702, and 77-1327.	002
Report and Opinion	Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1343, 77-1344, 77-1377, 77-1514, and 77-5027.	003
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Division Corrections and Amendments	Neb. Rev. Stat. §§ 77-702.	005
Tax Equalization and Review Commission Order Compliance Audit	Neb. Rev. Stat. §§ 77-702, 77-1330, 77-5028, and 77-5029.	006

**Title 350 – Nebraska Department of Revenue, Property Assessment Division  
Chapter 17 – Report and Opinion Regulations**

REG-17-001 PURPOSE

001.01 This regulation defines terms, responsibilities of parties, implementation, and presentation of the Property Tax Administrator's Report and Opinion of the level of value and quality of assessment required by Neb. Rev. Stat. §§ 77-1327 and 77-5027. Each annual Report and Opinion will be based on all information available to the Property Tax Administrator as provided by statistical studies, the Assessment Practices Survey, and any other report or information available to the Nebraska Department of Revenue.

The description of the techniques generally used in the development and use of a ratio study is developed using the most current version of the Standard on Ratio Studies (Standard), issued by the International Association of Assessing Officers (IAAO). Two other references, Mass Appraisal of Real Property and Property Assessment Valuation, also issued by the IAAO, contain discussion of the development and use of ratio studies. Further, the Division sets forth procedures for the development of the ratio study in the Title 350 Neb. Admin. Code Chapter 12, Sales File Regulations. The Standard provides recommendations for the design, preparation, interpretation, and use of ratio studies for a number of purposes. The Standard assumes that ratio studies will contain a statistically adequate sample of sales to represent the level of value for a particular jurisdiction being measured.

Neb. Rev. Stat. §§ 77-702, 77-1327, and 77-5027.

## REG-17-002 DEFINITIONS

002.01 Class or subclass of real property means a collection of properties that share one or more common characteristics that affect value, and that are not found in other properties outside the class or subclass pursuant to Neb. Rev. Stat. § 77-103.01.

002.01A For agricultural or horticultural land, class or subclass includes but is not limited to: irrigated cropland; dry cropland; grassland; wasteland; nurseries; feedlots; orchards; location; geographic characteristics; and other market characteristics that are appropriate for the assessment of the class or subclass of agricultural or horticultural land.

002.01B For all other real property, class or subclass includes, but is not limited to: improvement status; parcel type; zoning; location; city size; parcel size; geographic characteristics; or market characteristics that are appropriate for the valuation of a class or subclass of real property. For the purposes of this regulation market characteristics means the social and economic factors in the market that affect the value of real property. Geographic characteristics means the physical characteristics of the earth, land, region, or site that may have an effect on value.

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 Coefficient of dispersion means a measure of assessment uniformity. It is the average absolute deviation calculated about the median and expressed as a percentage of the median.

002.04 Coefficient of variation means the measure of the relative dispersion of the sample data set about the mean. It is the standard deviation expressed in terms of a percentage of the mean.

002.05 Confidence interval means a calculated range of values in which the measure of central tendency is expected to fall.

002.06 Confidence level means the defined degree of confidence in a confidence interval which is commonly stated on a percentage basis.

002.07 Data set means the sales data pertaining to a class or subclass of real property during a study period.

002.08 Division means the Nebraska Department of Revenue, Property Assessment Division.

002.09 Direct equalization means the process of adjusting the assessed values of parcels of real property, usually by class or subclass, using adjustment factors or percentages, to achieve proportionate valuations among the classes or subclasses.

002.10 Mean ratio means the result of the total of all assessment/sales ratios in the sample data set divided by the number of ratios in the sample data set, and is known as the simple average of the ratios in the data set.

002.11 Measures of central tendency means descriptive measures that indicate the mathematical center of a set of values, for example, mean and median.

002.12 Median ratio means the middle ratio of the sorted or arrayed assessment/sales ratios. If there is an even number of ratios, the median will be the average of the two middle ratios.

002.13 Price-related differential means the statistical measure found by dividing the mean ratio by the weighted mean ratio, and then multiplying by 100 to obtain the percentage relationship. A percentage more than 100

indicates that higher-priced properties are generally assessed at lower ratios than lower-priced properties. A percentage of less than 100 indicates that lower-priced properties are generally assessed at lower ratios than higher-priced properties.

002.14 Property Tax Administrator will be abbreviated to PTA throughout this regulation.

002.15 Qualified sale means a sale that is an arm's-length transaction included in the state sales file as determined by the county assessor or through the verification process of the Property Assessment Division.

002.16 Report and Opinion means the report that is issued by the Property Tax Administrator each year for all 93 counties and contains a narrative correlation, statistical reports, and other reports applicable to the county.

002.17 Representative sample means a sample of data from a larger data set, such that statistics calculated from the sample can be expected to represent the characteristics of the data set being studied.

002.18 Statistical report means an annual report displaying the statistical information calculated using qualified sales for each class of real property that occurred during the study period which compares the selling price with the assessed values for the current assessment year. All statistical reports must use the sales file developed by the Property Assessment Division.

002.19 Special valuation means the actual value of the land if the land were available only for agricultural or horticultural purposes or uses, without regard to the actual value that the land has for other purposes and uses pursuant to Neb. Rev. Stat. §§ 77-1343 through 77-1347.01.

002.20 Standard deviation means the measure of data variance calculated from a set of numbers by subtracting each value from the mean and squaring each of the remainders, adding together all the squares, dividing the sum by the number that is one less than the number of values being analyzed, and taking the square root of the result.

002.21 Study period means the time frames established for each class of property by the Property Tax Administrator in which all sales used in developing an assessment to sales ratio study have occurred. The study periods used for each class of property are set forth below.

002.22 Tax Commissioner means the Tax Commissioner Nebraska Department of Revenue.

002.23 Tax Equalization and Review Commission will be abbreviated to the TERC throughout this regulation.

002.24 Weighted mean ratio means a ratio determined by adding the assessed value of each parcel in a data set and dividing that number by the sum of all selling prices in the same data set. The weighted mean gives weight to each dollar value for the parcels included in the data set.

Neb. Rev. Stat. §§ 77-103.01, 77-128, 77-702, 77-1327, and 77-1343 – 77-1347.01.

## REG 17-003 REPORT AND OPINION

003.01 On or before March 19, in counties with a population of less than 150,000 inhabitants, the county assessor must complete and certify the County Abstract of Assessment Report for Real Property (Real Property County Abstract) to the Division. For counties with a population of at least 150,000 inhabitants, the county assessor must complete and certify the Real Property County Abstract on or before March 25.

003.02 The PTA must certify the Report and Opinion for real property in each county to the TERC on or before 19 days following the final filing due date for the Real Property County Abstract or on or before 15 days following the final filing date for the Real Property County Abstract in counties with population of at least 150,000 inhabitants. Each county assessor will be provided an electronic copy of the Report and Opinion for that county.

003.03 The narrative portion of the Report and Opinion will be designed to ascertain, on an ongoing basis, whether the assessments in each county comply with Nebraska law, achieve actual value, and are applied uniformly and proportionately to real property in the county. The information contained in the narrative will be developed by the Division using information gathered by the Division that includes:

003.03A Information regarding the actions and procedures used by county assessors to accomplish their assessment responsibilities;

003.03B Sales review procedures used in each county to determine whether, for valuation purposes, sold and unsold real property is treated in the same manner;

003.03C Market data for each county relating to the behavior of buyers and sellers of real property; and

003.03D Any other information relevant to the assessment of real property in the county.

003.04 The statistical reports of the Report and Opinion are designed to assist the Division, on an ongoing basis, in determining whether each county has achieved the required level and quality of assessment for each class of property for that county.

003.05 The PTA will develop statistical reports of residential, commercial, and agricultural real property for each county. These reports are derived from the following study periods:

003.05A Residential property includes qualified improved sales of residential and recreational real property for a 2-year period between October 1 and September 30. This 2-year period ends the year prior to the assessment year for which values are established;

003.05B Commercial property includes qualified improved sales of commercial, industrial, and multi-family real property for a 3-year period between October 1 and September 30. This 3-year period ends the year prior to the assessment year for which values are established;

003.05C Agricultural and Horticultural Land includes qualified unimproved and minimally improved sales of agricultural and horticultural land for a 3-year period between October 1 and September 30. This 3-year period ends the year prior to the assessment year for which values are established. Minimally-improved sales are sales in which the assessed value of the non-agricultural component (improvements and directly-associated land) is less than 5% of the sale price; and

003.05D Special Valuation of Agricultural and Horticultural Land in Fully-Influenced Counties includes qualified unimproved and minimally-improved sales of agricultural and horticultural land for a 3-year period between October 1 and September 30. This 3-year period ends the year prior to the assessment year for which values are established.

003.05E The Division may use a longer or shorter study period if the data does not accurately reflect the level of value for a county and the change to the length of the study period will enhance the Division's ability to determine the level of value for a county. The Division may adopt a longer or shorter time period based on its own information or information provided by a county pursuant to a request to adopt a longer or shorter study period.

003.05F If the county assessor disagrees with the sales used or the study periods they have an opportunity during statewide equalization to present that information to the TERC under Neb. Rev. Stat. 77-5029.

003.05G The information contained in the statistical reports will be developed by the Division using qualified sales and will include:

- 003.05G(1) The number of sales in the sample;
- 003.05G(2) The total assessed value of the sales;
- 003.05G(3) The total adjusted sales price of the sale;
- 003.05G(4) The minimum and maximum assessment sales ratios by class or subclass;
- 003.05G(5) The average adjusted sales price by class or subclass;
- 003.05G(6) The median, weighted mean, and median ratios;
- 003.05G(7) The price-related differential;
- 003.05G(8) The coefficient of dispersion;
- 003.05G(9) The standard deviation;
- 003.05G(10) The coefficient of variation;
- 003.05G(11) The 95% confidence interval for each of the measures of central tendency;
- 003.05G(12) The property type; and,
- 003.05G(13) The date range of sales used.

003.06 The PTA will provide a correlation section of all information considered relevant for the determination of the level of value.

003.07 The Report and Opinion will contain a special valuation study for those counties whose predominant base of agricultural or horticultural land is determined to be influenced by non-agricultural or non-horticultural factors. The study will be prepared in compliance with professionally accepted mass appraisal techniques when determining the level of assessment for agricultural and horticultural land receiving special valuation.

003.07A On or before March 1 each year, the county assessor will certify to the PTA whether the market for agricultural and horticultural land in their county has influences outside the typical agricultural and horticultural land market. In any county that has applied special valuation, the county assessor must file with the PTA the information required in Title 350 Neb. Admin. Code Chapter 11, Agricultural Land

Special Valuation, as well as the methodology for determining the uninfluenced value of the land, and a methodology for determining the actual value of the land.

003.08 The county report section will contain information obtained from the county during the preceding year. The information gathered for this report will include the following:

003.08A Real Property County Abstract, Form 45;

003.08B The county assessor's annual plan of assessment as submitted to the Division by the county assessor pursuant to Neb. Rev. Stat. § 77-1311.02;

003.08C The Assessment Practices Survey; and

003.08D The Agricultural Land Special Valuation Methodology, if applicable.

003.09 The PTA may determine that additional information is relevant when determining the level of value and the assessment practices within a county. The Report and Opinion may contain a report on topics determined by the PTA.

003.10 If a county fails to file its Real Property County Abstract either by the statutory deadline or the extended deadline (if applicable), the PTA will report this information to the TERC as part of the Report and Opinion.

003.11 On or before March 25 each year, a county assessor may provide written comments to the PTA to be considered for inclusion in the Report and Opinion.

Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1343, 77-1344, 77-1377, 77-1514, and 77-5027.

REG 17-004 OPINION

004.01 After examining any information relevant to the level of value, including the narrative and statistical reports, the PTA will certify his or her opinion as to the level of value and quality of assessment for classes or subclasses of real property.

004.02 The PTA will analyze and consider professionally accepted measures of central tendency such as the median, weighted mean or mean, and analyze other statistical measures such as the coefficient of dispersion, price-related differential, coefficient of variation, and confidence intervals. The level of value may be determined by the PTA based on the analysis of the representative sample developed in accordance with this regulation.

004.03 The PTA's Opinion will state whether the county's level of value and quality of assessment are acceptable or not acceptable based on a consideration of all of the information available. The PTA will take into consideration in the formulation of his or her opinion the information regarding the assessment practices in the county in addition to the results indicated from the statistical reports calculated from the sales file and the quantity, quality, and reliability of the statistics from the county's data set including the dispersion and representativeness of sales in the database.

Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1343, 77-1344, 77-1377, 77-1514, and 77-5027.

REG 17-005 DIVISION CORRECTIONS AND AMENDMENTS

005.01 The PTA will not modify the Report and Opinion, except by amendment or supplementation, after submission to the TERC.

005.02 It will be the county assessor's responsibility to explain to the TERC any errors and omissions in their information as originally submitted to the PTA.

005.03 The PTA will supplement the Report and Opinion as requested by the TERC.

Neb. Rev. Stat. § 77-702.

REG 17-006 TAX EQUALIZATION AND REVIEW COMMISSION ORDER COMPLIANCE AUDIT

006.01 The PTA has a statutory obligation to make an examination of the records of any county that has been issued orders by the TERC following hearings to raise or lower the valuation of any class or subclass of real property. For purposes of this section, audit means a review of the county records to determine whether the county assessor has complied with the TERC's order and implemented the ordered valuation change.

006.02 On or before June 5 of each year, the county assessor of any county ordered by the TERC to adjust a class or subclass of real property must recertify the Real Property County Abstract to the PTA.

006.03 The PTA must audit the records of the county assessor to determine whether the orders were or were not implemented as required pursuant to Neb. Rev. Stat. § 77-5029. The audit must be completed between June 5th and July 15th. The audit report will include findings regarding all classes or subclasses ordered to be changed by the TERC. A copy of all worksheets prepared in conjunction with the audit indicating the property records reviewed must be attached to the report.

006.03A If after June 5 and prior to July 15 it is discovered that real property has not received the required adjustment as ordered, the county assessor and county board of equalization will be notified in writing by the PTA within seven days after such discovery.

006.03B If the county has not made the ordered adjustments as discovered by the audit the PTA will certify the results of the audit to TERC.

006.04 On or before August 1 of each year, the PTA will certify to the TERC an audit report indicating whether the ordered valuation change was implemented by the county assessor pursuant to Neb. Rev. Stat. § 77-5028.

006.05 The audit will consist of an examination of any documents relating to the class or subclass ordered adjusted by the TERC.

006.05A The examination will include the following:

006.05A(1) A review of the recertified Real Property County Abstract including assessed value updates compared to the original that was filed with the PTA on or before March 19 or March 25 for counties with a population of at least 150,000 inhabitants;

006.05A(2) A request for an electronic copy of land valuation tables, copies of electronic or hard copy property record cards displaying the value before the TERC order, and the value after June 5;

006.05A(3) Evidence that on or before June 1, notices of valuation changes were sent to the owners of record according to the county assessors records as of May 20, or lessees that are responsible for paying the property taxes pursuant to Neb. Rev. Stat. § 77-202.11 reflecting the increase or decrease ordered by the TERC; and

006.05A(4) A summary of the percentage change to a class or subclass between the original Real Property County Abstract that was filed on or before March 19 or on or before March 25 for counties with a population of at least 150,000 inhabitants, and the recertified Real Property County Abstract.

006.06 The audit must include a sample of at least 30 records selected at random for each class or subclass ordered adjusted by the TERC. The PTA has discretion to select additional records if he or she believes further investigation is needed.

006.06A The records selected for the random sample will be identified on a worksheet that may be modified as needed to be inclusive of all necessary information to illustrate compliance with the order.

006.07 If during the audit a county is discovered to have unacceptable assessment practices that would be evidenced through the examination of books, papers, records, or memoranda relating to the assessment of property, those practices may be addressed by the PTA as provided in Neb. Rev. Stat. § 77-1330.

Neb. Rev. Stat. §§ 77-702, 77-1330, 77-5028, and 77-5029.