

To: Members of the Committee on Revenue
From: Kay Stilwell Bergquist
Research Analyst for the Committee
Re: LR327 (Davis, Larson, Schilz)
Examine practices of county assessors
Date: December 31, 2015

Legislative Resolution 327 (LR327) was introduced to examine the procedures and categories used by county assessors to classify types of land for valuation and taxation purposes.¹ Seven issues have been identified in LR327.

1. Whether the uses and land classifications are being properly identified and applied by county assessors and whether the property assessment division of the Department of Revenue is providing appropriate oversight of county assessors' practices;
2. Whether the uses and land classifications are sufficiently taking into account the difference in soil types, climate, and other local factors that could affect the actual value of the land;
3. Situations in which land within a county is valued based on comparable land in a different county and whether this is a justifiable procedure by county assessors;
4. Whether the category for recreational land is being properly utilized by county assessors in assessing land value;
5. Whether the assessment practices and categories of classification for acreages in urban areas are appropriately identifying the type and value of that land;
6. Recommendations of statutory changes to promote consistent and accurate classification of agricultural and other types of land; and
7. Whether an additional category called irrigated grassland is merited as opposed to classifying it as irrigated cropland.²

The Property Assessment Division (PAD) of the Nebraska Department of Revenue is statutorily created and governed by the Nebraska Constitution and statutes. Functions of PAD include, but are not limited to, the following:

¹ Legislative Resolution 327, 2015 Legislative Session, <http://nebraskalegislature.gov/FloorDocs/Current/PDF/Intro/LR372.pdf>, Downloaded 12-22-15.

² Ibid

- Provide legal, policy, and assessment information through regulations, rulings, directives, standards, manuals, and education to county assessors and other assessing officers to ensure the uniform execution of the property tax laws (§ 77-1330);
- Provide advice concerning the assessment of real property to ensure the uniform and proportionate valuation of real property (§ 77-702 (2)); and
- Provide information to the property owner concerning the level of value and quality of the assessment of real property in each county (§ 77-1327.³)

With respect to county assessors, PAD develops information that assists the county assessors to make informed decisions on the quality of the assessment function of the property tax system in Nebraska. PAD provides education, training and oversight to assist county assessors in performing their job functions.

To hold the office of county assessor, serve as a deputy assessor, or hold the position of state assessment manager, an individual must have a County Assessor Certificate issued by the Property Tax Administrator or State Tax Commissioner. To obtain a County Assessor Certificate, an individual must receive a grade of 70 percent or higher on an examination given by the Property Tax Administrator. The examination shall test and determine the qualifications of the person to perform the duties of the assessor in the following topic areas:

- Reporting Topics
- Sales File Topics
- Appraisal/Assessment Topics
- Property Assessment Division Topics

For a complete list of the individual topics under each area, please refer to the Property Assessment Educational Opportunities webpage located at:

http://www.revenue.nebraska.gov/PAD/assessor/PAD_Course_Desc.html. To maintain a County Assessor Certification, an individual must take 60 hours of continuing education. These continuing education hours must be completed every 4 years.

Assessors are also required to complete the International Association of Assessing Officers (IAAO) course in Fundamentals of Real Property Appraisal and Fundamentals of Mass Appraisal. The IAAO is a nonprofit, educational, and research association that offers education, technical standards, consulting

³ Property Assessment Division, *Purpose of Property Assessment Division*, <http://www.revenue.nebraska.gov/PAD/about/purpose.html>, Downloaded 12-22-15.

services, and many other resources to the assessing community. More information on IAAO technical standards may be found at:

http://www.iaao.org/wcm/Resources/Publications_access/Technical_Standards/wcm/Resources_Content/Pubs/Technical_Standards.aspx?hkey=93ba7851-659f-4d02-80a2-9a52ef21f995.

An Assessor Reference Manual (Manual) is also available on PAD's webpage⁴ to assist county assessors in performing their job functions. This Manual contains links to statutes, calendars, regulations, PAD Directives, legislative summaries, information guides and court case summaries.

PAD provides oversight for county assessors on an annual basis through its Annual Report⁵ (Report) for each county. The Report contains a correlation section for each class of property, statistical reports for each class of property, a three-year plan of assessment prepared by the county assessor, and recommendations for improving the assessment process from the Property Tax Administrator.

⁴ Property Assessment Division, *Legal Information*, Assessor Reference Manual, <http://www.revenue.nebraska.gov/PAD/legal/legal.html>, Downloaded 12-22-15.

⁵ Property Assessment Division, Research and Statistical Reports, *Statewide Equalization*, http://www.revenue.nebraska.gov/PAD/research/state_equal.html, Downloaded 12-22-15.