

BOARD OF EQUALIZATION

Madison, Nebraska

February 21, 2012

The Board of Equalization of Madison County, Nebraska met at 9:00 A.M.

Advance notice of meeting was published in the Thursday, February 9, 2012 edition of The Norfolk Daily News. A copy of said notice was mailed to each Board member. An affidavit of acknowledgment of receipt of notice of meeting as published was executed. Chairman Jerry McCallum called the meeting to order and notified the public of the location of the information regarding the Open Meeting Act posted in the meeting room.

Present: Commissioners Jerry McCallum, Martin Griffith, and Lee Klein, County Assessor Jeff Hackerott, and County Clerk Nancy Scheer.

Motion made by Klein and seconded by Griffith to approve the agenda for the meeting. Roll call vote: Ayes, McCallum, Griffith, and Klein. Nays, none. Motion carried.

Pursuant to published legal notice in the Thursday, February 9, 2012 edition of The Norfolk Daily News, Chairman McCallum opened a public hearing at 9:01 A.M. to receive citizens' comments regarding exemption applications submitted by religious, educational, and charitable organizations. The following individuals were in attendance at the hearing:

Paul and LaNeta Abler, representing Mary Louise Foundation
Dan Pospisil, representing Kingdom Hall of Jehovah's Witnesses
Jerry Lyon, representing American Legion Post 73 of Neman Grove
Charles Berg, representing American Legion Post 73 of Neman Grove
Clint Schukei, representing the City of Norfolk
Mark Albin, representing Norfolk Soccer Club

County Assessor Jeff Hackerott explained that once every four years, organizations are required to file a long application form and the following three years an affidavit can be submitted to re-affirm that the applicant is requesting continued exemption.

He reported that the following applicants comply with the statutory requirements and he recommended approval of, either a full or partial exemption:

American Legion Post No. 16, Norfolk – Building used as Veterans' Club, meeting rooms, social club, restaurant, and bar
American Legion Post No. 73, Newman Grove – Building used for various functions and meetings of the Legion
Apostolic Assembly of the Faith, Norfolk - Church
Behavioral Health Specialists, Inc., Norfolk – Building used to provide mental health, substance abuse, and medical services, foster care, and community support services
Big Brothers/Big Sisters of Norfolk Area, Inc., Norfolk – Personal property and office equipment
Bright Horizons Resources, Norfolk – Building used to provide shelter for victims of domestic violence
Building Futures, Inc., Norfolk – Apartment complex for adults with chronic mental illnesses
Building Futures II, Inc., Norfolk – Apartment complex for adults with chronic mental illnesses
Building Futures III, Inc., Norfolk – Apartment complex for adults with chronic mental illnesses
Building Futures IV, Inc., Norfolk – Apartment complex for adults with chronic mental illnesses
Calvary Baptist Church, Madison – Church, parking lot, and playground
CASA of Northeast Nebraska – Personal property used for performing administrative functions of the organization
Christ is King Community Church, Norfolk – Church and school
Christ Lutheran Church of Norfolk, – Church, school, child care center, garage, storage building, personal property, playground area and parking lots used for religious activities
Christ the Servant American Lutheran Church, Norfolk – Church, parsonage, and personal property
Church of Christ of Tilden, – Church and personal property
Church of God of Norfolk – Church and personal property
Church of Jesus Christ of Latter Day Saints, Norfolk – Church, parking lot, and personal property
Church of Our Lady of Mt. Carmel, Tilden – Church, parsonage, parking lot, and personal property
Church of the Nazarene, Newman Grove – Church, parsonage, parking lot, and personal property
Church of the Sacred Heart of Norfolk – Church, school, related buildings, playground, convent, and all personal property
Community Bible Church, Norfolk – Church, parsonage, parking lot, and personal property
Community Development Authority of the City of Madison – Site purchased for future development
Consumer Credit Counseling Service of Nebraska, Omaha – Personal property used for credit counseling, bankruptcy counseling, debt management, and financial literacy education
Council Holding Co. of Norfolk, Inc., Norfolk – Girl Scout hall used for girl scout activities
Educational Media Foundation, Rocklin, California – Personal property used to broadcast Educational Media Foundation's Christian radio signals
Elkhorn Valley Historical Society of Norfolk – Museum, research center, Verges Park, and parking lot
Faith Regional Health Services, Norfolk – Hospitals, surgery center, medical clinics, and parking lots
Faith United Methodist Church of Tilden – Church, parsonage, and personal property
Fellowship Bible Church, Newman Grove – Church, parsonage, parking lot, and playground
Filadelfia, Madison - Church
First Baptist Church of Norfolk – Church, parking lot, and playground
First Christian Church of Norfolk – Church
First Congregational Church of Norfolk – Church and personal property
First United Methodist Church of Norfolk – Church, school, parking lots, parsonage, crisis nursery, and personal property
First United Presbyterian Church of Norfolk – Church, educational unit, parking lot and personal property
Friends of Well Link, Inc., Norfolk – Property used as residential treatment facility for women recovering from substance abuse and personal property
German Congregational Zion Church of Norfolk – Church and personal property
Glen Park Church of Christ of Norfolk – Church and personal property

Goldenrod Hills Community Action Inc. – Office used for family services to provide assistance for low income clients and children with disabilities, commodity supplemental food program, supplemental nutrition program for women, infants and children, warehouse, distribution site, and immunization clinic

Grace Evangelical Lutheran Church, Norfolk – Church, parsonage, educational building, personal property, and parking lots

Greater Norfolk Economic Development Foundation, Norfolk – Land set aside for future development

Harvest Church and World Outreach Center, Norfolk – Church, educational building, and office

Heartland Independent Baptist Church, Inc, Norfolk – Church

Heninger American Legion Post No. 170, Tilden – Building used for Legion Club

Heritage of Norfolk, Inc., Elkhorn – Chapel

Iglesia Filadelfia, Madison - Church

Immanuel Evangelical Lutheran Church, Madison – Church and personal property

Immanuel Lutheran Church of Tilden – Parsonage

Improved Living Inc. – Property used for assisted living for the mentally ill, disabled and handicapped, food bank and personal property

Jones Radant American Legion Post No. 35, Madison – Building used for Legion Club and personal property

KPNO-FM Radio – Radio tower and personal property used for religious broadcasting

Kansas-Nebraska Association of Seventh Day Adventists, Norfolk – Church

Knights of Columbus – Hall used for activities; personal property

Legal Aid of Nebraska, Norfolk – Personal property

League of Human Dignity, Inc., Norfolk – Housing for people with disabilities and personal property

Lutheran High School Association of Northeast Nebraska, Norfolk - High School

Lutheran St. Paul Church of Buffalo Creek, Meadow Grove – Church, garage, and all personal property

Macedonian Missionary Baptist Church, Norfolk – Church and all personal property

Madison Junior Wrestling Association, Madison – Building used for special education classes and wrestling practice

Madison Knights of Columbus Hall, Inc. – Meeting hall

Madison Senior Citizens Inc. – Senior Center and personal property

Mary Louise Foundation, Norfolk – Parking lot

Meadow Grove Library Foundation – Empty lot for future library

Methodist Episcopal Church of Meadow Grove – Church and personal property

Mid-Nebraska Lutheran Home Association, Inc., Newman Grove – Nursing home, assisted living facility, storage garage, parking lot, and personal property

Midwest Latin American District Council – Church

Missionary Benedictine Sisters – Convent, chaplain’s quarters, convent grounds, and parking lots

Mosaic, Norfolk – Building used to serve people with developmental disabilities

Mount Olive Lutheran Church of Norfolk – Church and parking lot

Nebraska Annual Conference of the United Methodist Church, Norfolk - Parsonage

Nebraska Children’s Home Society, Norfolk – Personal property to provide education and support for pregnant women

New Life Christian Ministries, Inc., Norfolk – Playground and parking lot

Newman Grove Hospital and Clinic – Community Medical Center

Norfolk Aerie No. 3611 F.O.E., Norfolk – Eagle Club meeting room and bar

Norfolk Airport Authority, Norfolk – Administration offices and Boardroom

Norfolk Area Chamber of Commerce, Norfolk – Building used to promote economic development

Norfolk Arts Center, Inc. – Building used for promoting visual art, performing arts, and arts education

Norfolk Baptist Church – Church, parking lot, auditorium, fellowship hall, offices, Sunday school rooms, and all playground

Norfolk Community Theatre Inc. – Building used for live theatrical productions

Norfolk Congregation of Jehovah’s Witness – Church and personal property

Norfolk Founders Society, Inc. – Building used as meeting place for Alcoholics Anonymous

Norfolk good Neighbors, Norfolk – Building used for Norfolk Food Pantry

Norfolk Kiwanis Youth Camp Inc., Norfolk – Property used as a youth camp with recreational facilities

Norfolk Lodge #46 of the Independent Order of the Odd Fellows of Norfolk – Building used for lodge meetings

Norfolk Masonic Temple Company – Building used for lodge meetings and activities

Norfolk Rescue Mission Inc. – Shelter and apartment building for homeless and personal property

Norfolk Restoration Branch of the Church of Jesus Christ – Church, parking lot and personal property

Norfolk Senior Citizens Center Inc., Norfolk - Senior Citizens building and personal property

Norfolk Soccer Club, Inc., Norfolk – Youth soccer facility

Northern Heights Baptist Church, Norfolk – Church

Oasis Counseling International, Norfolk – Personal property and business equipment

Orphan Grain Train, Inc., Norfolk – Building used to receive, process, and store items for humanitarian aid, office building, and personal property

Our Savior Lutheran Church, Norfolk – Church and personal property

Praise Network Inc., Norfolk – Radio tower used for religious broadcasting

Preservation Madison Inc., Madison – Building used to promote education and arts for the community

Rosehill Evangelical Free Church of Emerick, Newman Grove – Church and personal property

Smile Inc., Madison – Building used to provide recreational therapy on horseback for special needs individuals

St. Frances De Sales Church of Schoolcraft – Church and personal property

St. John Evangelical Lutheran Church of Norfolk – Church and personal property

St. John’s German Evangelical Lutheran Church of Green Garden, Madison – Church, parochial school, parsonage, parking lot, and cemetery

St. John’s Lutheran Church of Battle Creek – Church, parsonages, school, teacherage, and personal property

St. Leonard’s Church of Madison – Church, school, rectory, playground, parking lot, and personal property

St. Matthew’s Evangelical Lutheran Church of Meadow Grove – Church, parsonage, parking lot, playground, and personal property

St. Patrick’s Church of Battle Creek – Church, rectory and personal property

St. Paul’s Evangelical Lutheran Church – Church, school, teacherage, parsonage, playground, and personal property

Salvation Army, Norfolk – Thrift Store, parsonage, and personal property

Shell Creek Evangelical Lutheran Church, Newman Grove – Church, parsonage, parking lot, and personal property

Shepherd of Peace Evangelical Lutheran Church – Church, parsonage, and personal property

T C H Medical Clinic, Tilden – Personal property
Trinity Episcopal Church, Norfolk – Church, parish house, parking lot, and personal property
Trinity Evangelical Lutheran Congregation, Madison – Church, school, parsonage, parking lot, and personal property
Trinity Evangelical Lutheran Church, Newman Grove – Church, educational building, parsonage, parking lot, and personal property
United Methodist Church of Madison – Church, parsonage, and personal property
United Methodist Church of Newman Grove – Church, parsonage, playground, and personal property
V F W Chapter 10035 of Newman Grove – VFW building used for meetings
Victory Road Assembly of God, Inc., Norfolk – Church
Victory Road Evangelical Free Church, Norfolk – Church
Wall Street Mission-Goodwill Store, Norfolk – Building used to receive and process donated goods for charitable purposes
Wesley Center Inc, Norfolk – Child care and preschool facility
Westridge United Methodist Church, Norfolk – Church and personal property
Winter-Munson Post No. 1644, Norfolk – VFW Club, fellowship meeting room, and parking lot
Young Men's Christian Association of Norfolk – Building used for athletic programs and tennis building
Zion Evangelical Lutheran Church Inc., Newman Grove – Church, parking lot, parsonage and personal property

Chairman McCallum asked if anyone from the public supported or opposed any of the foregoing exemption applications. Paul Ablor indicated that he supported approval of the exemption application filed on behalf of the Mary Louise Foundation.

After discussion, it was moved by Klein and seconded by Griffith to accept the recommendations of the County Assessor and approve the foregoing exemption applications. Roll call vote: Ayes, McCallum, Griffith, and Klein. Nays, none. Motion carried.

County Assessor Jeff Hackerott recommended disapproval of the following exemption application:

First Christian Church of Norfolk – Church and parking lot

He explained that the property is located at 1200 North 13th Street in Norfolk, is no longer being used as a church, and is currently listed for sale; therefore, it does not meet the statutory requirements for proper use.

Motion was made by Griffith and seconded by Klein to accept the County Assessor's recommendation and disallow the foregoing exemption application of First Christian Church. Roll call vote: Ayes, McCallum, Griffith, and Klein. Nays, none. Motion carried.

County Assessor Jeff Hackerott recommended disapproval of the following applications based upon an opinion received by the Nebraska Department of Revenue:

City of Norfolk and City of Norfolk Facilities Corporation – Building being retrofitted to house the City of Norfolk administrative offices and the City Council Chambers

Northeast Community College Facilities Corporation, Inc. – Building used as a one-stop shop for students wishing to apply for admission, register for classes, obtain financial aid information, pay their tuition and fees, and house the College's Student Services and Administrative Services divisions

Northeast Nebraska Juvenile Services, Inc., Madison – Building used as juvenile detention center and personal property

Mr. Hackerott explained that the above properties are owned by public finance corporations. He reported that, in the opinion of the Nebraska Department of Revenue, property owned by a public finance corporation does not meet the ownership requirements of the state statute. He stated that he does not agree with the opinion of the Nebraska Department of Revenue. He stated that it would be difficult in the average person's mind to understand why these three properties should not be considered exempt. He stated that there is some argument to be made for the fact that each of the end owners for the above properties, including the City of Norfolk, a group of counties, and the community college, all have some equitable title to the property. He explained that it would be similar to someone asking him if he owns his house, because he would tell someone that he does own his house, when technically the bank owns it because he has a mortgage on it. Mr. Hackerott stated that if he was 65 years of age or older, or disabled, and met the income requirements, he could qualify for a homestead exemption on that property even though the bank has title to it. He stated that this seems to be a reasonable analogy that could be applied to the three exemption applications that the Nebraska Department of Revenue recommends to disapprove. He stated that he recommended disapproval based upon the recommendation of the Nebraska Department of Revenue.

Commissioner Klein stated that the Nebraska Department of Revenue made this ruling and regretted it afterwards; however, the Department would not back up. He stated that he did not agree that the three properties should be taxed. He stated that LB 902 should take care of this issue; however, if LB 902 does not get passed by the Legislature, then the properties would be taxed until the law changes. He stated that the question then arises whether taxes would also be due from prior years. Commissioner Klein stated that he does not want to risk the money invested by the County in the Northeast Nebraska Juvenile Services facility. He stated that, in his opinion, this was not the intention of the law. He stated that if a person has faith in the Legislature, one would think that the bill would get passed. He explained that he would probably make a motion to exempt these three properties at the conclusion of the hearing.

County Assessor Jeff Hackerott responded that he has been instructed how these properties need to be viewed from a County Assessor's perspective. He stated that Senator Harr has introduced LB 902 and the bill has an emergency clause, so if the bill passes it would go into effect immediately. He explained that there may be one problem with LB 902, which is the issue of the City of Omaha owning a hotel adjacent to Century Link that some are arguing doesn't meet the test for public use property, so the Legislature may need to wrestle with that issue, unless it exempts any property owned by a public finance corporation.

Norfolk City Attorney Clint Schukei explained that, in his opinion, the property tax mechanism does not allow the County to go back and collect back taxes on properties that were previously exempted. He stated that a public facilities corporation is a nonprofit Nebraska corporation expressly authorized under the Nebraska statutes, which has been utilized for many years. He stated that attached to the exemption application filed by the City of Norfolk is an agreement that the City of Norfolk has with the public facilities corporation. He stated that the agreement outlines that all the responsibilities of ownership reside with the City of Norfolk, not with the public facilities corporation. He explained that the City of Norfolk knew about the issue being raised by the Nebraska Department of Revenue at the time when the bonds were issued. Mr. Schukei explained that the Nebraska Department of Revenue would say that the City of Norfolk only financed the project through the public facilities corporation because the City didn't want to have an election to issue bonds. He explained that the reason the City of Norfolk bought the property in the manner it did was because there was not time to have a bond hearing and an election. He stated that, in his personal opinion, if the City of Norfolk would have conducted an election, the issue would have been approved by the voters. He stated that the lease purchase option that is being utilized is one that could be completed quickly. He explained that the method used by the City of Norfolk was a private placement of the debt. He stated that the financing for the City Office was never offered to the public because it was a private placement with a bank.

Mr. Schukei stated that because of the problems that are being raised by the Nebraska Department of Revenue, the City of Norfolk is working on three things to keep the property from being subject to taxes. He explained that one thing the City of Norfolk is doing is supporting LB 902. He explained that in regards to the issue with the hotel owned by the City of Omaha, the current Legislature does not like what the Legislature did in 2003 when it specifically authorized the issuance of tax-exempt debt for the hotel to support the Century Link Center and it seems as if the Senators are having some buyer's remorse in regards to this issue. He explained that if anyone looks at the issue, at the time when the Legislature adopted this law, no one else would build a hotel that serviced people at the location of the Century Link, so in order to make that a paying proposition, the City of Omaha got into the hotel business. He stated that he is not saying that is a good or bad thing; however, in his opinion, the Legislature in 2003 specifically said that it was an okay thing for the City of Omaha to do. He stated that the City of Norfolk officials are coming with the purchase of a building and the entire matter is now being questioned. Mr. Schukei stated that trying to get LB 902 adopted is the first step that the City of Norfolk is taking to ensure that the building for use as a City Hall will not be taxed in the approximate amount of \$25,000 annually. He stated that the second thing that the City of Norfolk did to eliminate taxation of the property was to file the exemption application with the County. He reported that the City filed the exemption applications both on behalf of the Norfolk Facilities Corporation and also on behalf of the City of Norfolk. He stated that a public facilities corporation is highly regulated by the IRS and is a non-profit Nebraska corporation, just like the incorporation of a church. He explained that what happens with a public facilities corporation is that the specifics are very clear. Mr. Schukei stated that the third thing that the City of Norfolk did was to include a statement in the bond agreement with the bank that the City of Norfolk could subsequently have an election, get the permission of the public to issue bonds instead of a lease purchase, and the bank has agreed that no matter what happens in the currency market in regard to the interest rates going up or down, that the bank would trade the debt for the lease purchase for bonds issued by the City of Norfolk. He explained that this is a strange statement to include in a bond agreement; however, the bank agreed to the stipulation. He stated that he is not sure if passing a bill is necessary, because in his opinion, the Nebraska Department of Revenue's opinion is wrong.

Mr. Schukei submitted a document to the Board members supporting his arguments that the property should be tax exempt. One document explained the issues regarding the purchase of the Supertel building. He stated that the City of Norfolk is also aware of the issues regarding the Northeast Nebraska Juvenile Detention Center and the Northeast Community College Welcome Center. He explained that Scottsbluff has financed several buildings using the lease purchase finance method, Beatrice financed a library this way, and Papillion has two municipal golf courses financed using lease purchase. He reported that there are a multitude of state projects that have been acquired with lease purchase finance method and the State of Nebraska has never paid taxes on these projects to Lancaster County. He stated that if you look at the language in LB 902, the Legislature failed to take into account that if the bill is not passed, the State of Nebraska owes property taxes because the fiscal note on the bill indicates that there is no financial impact. He stated that in his own opinion, it is impossible to go back and recover taxes on these properties because all of the items that are listed do not have a value placed on them by the County Assessors. He further explained that the property tax for the prior years have already been distributed to the various political subdivisions.

County Assessor Jeff Hackerott explained that if the County Board disapproves the exemption applications, or delays a decision on the applications until June 1st, the County would be required to send a notice to the applicants stating the County's intent to tax the property. He stated that by March 19 the County would have to establish a valuation on the property and then the applicants get the opportunity to protest the valuation. Chairman McCallum stated that it would be difficult for the County Assessor to place a value on these properties.

Mr. Schukei explained that another big issue in LB 902 is the sales tax issue. He explained that the Nebraska Department of Revenue is saying that they can go back three years to collect sales tax on any materials that were used for construction of properties owned by public finance corporations. He explained that the biggest issue is that the Nebraska Department of Revenue would attempt to collect between \$3 and \$5 million in sales taxes on the Ameritrade baseball field recently constructed in Omaha. He stated that the other issue that clouds this matter is that the Nebraska Department of Revenue has decided that sales tax must be paid on the arena project in Lincoln because of the financing method used.

Mr. Schukei reviewed a letter from Baird Holm attorney firm dated in 2000 that addressed a question asked by bond counsel about an Omaha Public Schools warehouse that was financed with a lease purchase method. He stated that historically there is a requirement since the late 1990s that if any public body leases property, the lease must be given to the Assessor, and then the Assessor determines whether the property is subject to tax. He explained that if the City of Norfolk has a lease on a well field or an airport, that someone is haying, the lease must be filed with the Assessor and then the Assessor makes the determination whether property is subject to taxation. Mr. Schukei cited an example of the University of Nebraska Foundation which owned buildings in downtown Lincoln and the law at that time said that if the money from the Foundation goes to support the University, and if the University is tax exempt, then the Foundation's property is tax exempt. He explained that the effect that that decision had is that if he owned property in Lincoln, and next door was a property owned by a Foundation with office space leased to the public, then he would be at a disadvantage as an individual property owner because he had to pay real estate taxes; however, the Foundation who was competing against him for leasing office space did not have to pay real estate taxes on the office space they were leasing. He stated that LB 271 in 1999 addressed this issue. Mr. Schukei explained that in the Baird Holm letter there is a reference to leased personal property. He reported that this is an incident where the Nebraska Department of Revenue is absolutely wrong because the Property Tax Administrator told him that the Constitution of the State of Nebraska says that if an entity applies for tax exemption, the property must be owned by the State of Nebraska or its political subdivisions. He explained that the problem with the new Norfolk City Hall is ownership by a Public Facilities Corporation, and not owned by the State of Nebraska or its political subdivisions. He used an example of the

County leasing a piece of heavy equipment and, in that example, the property is not owned by the County. He explained that in the opinion of the Property Tax Administrator, the property must be owned by the State or a political subdivision in order to get a tax exemption, not owned by Case IH, New Holland, or Caterpillar. He explained that the Nebraska Department of Revenue goes on to say that it has adopted a regulation that says that a lease purchase agreement for personal property is just a financing tool, so it is okay. He explained that when the County leases a tractor, it is doing the same thing that the City of Norfolk is doing with the acquisition of the City Hall. He stated that if the County Board is not going to allow an exemption on the building being acquired for the Norfolk City Hall, then the County should be paying taxes on leased tractors.

Chairman McCallum responded that a leased tractor is not tax exempt because the dealer is paying taxes on the tractor. He explained that the County is not doing a lease purchase, but a simple lease where the tractor is basically rented. Mr. Schukei responded that the current regulation from the Nebraska Department of Revenue says a lease does not include a transaction intended to finance a purchase, even if the signed agreement is called a lease. He further stated that the regulations say that such a transaction is a form of conditional sale, and not a lease, and when a conditional sale exists, ownership of the personal property is deemed to be with the lessee/buyer and the tax status of the lessee/buyer will determine the taxability of the property. Mr. Schukei explained that in the letter dated in 2000 when the prior Johann's Administrator was in place, the Nebraska Department of Revenue stated that this explains the rationale of applying it to real property and a regulation is not required. He explained that if someone rents a motor grader or school bus, the Nebraska Department of Revenue is saying that the department regulations override the Nebraska Constitution.

County Assessor Jeff Hackerott stated that this may be why the current situation exists because somewhere through the years someone stumbled across the fact that the Nebraska Department of Revenue has been operating under the premise that the regulation supersedes the state statute. Mr. Schukei responded that this statute parrots the Constitution. Mr. Hackerott stated that he is aware of that fact; however, there are hundreds of Public Finance Corporation projects throughout the State of Nebraska. Mr. Schukei stated that the Norfolk City Public Facilities Corporation had a private placement; however, if a public placement is used, a perspective is required. He explained that he told this to the state of Nebraska because he asked if the Department of Revenue was planning to tax the Norfolk City Hall would the Department also be taxing all of the other projects that are financed similarly by the State of Nebraska. He reported that the Property Tax Administrator's response was to report the locations of the projects in writing. In addition, he stated that he told the Property Tax Administrator that a public website is available which would disclose all entities who issued public debt, which is how investors go out and buy bonds or notes.

Mr. Schukei submitted a copy of Section 19-2421, a Nebraska Statute in place since 1969, which says that elected officials of any city may enter into contracts for lease of real or personal property. He also submitted a copy of Section 21 – 1927, a Nebraska Statute from the nonprofit Nebraska corporation section, which states that corporations may be incorporated under the act for the purpose of providing, owning, leasing, or furnishing any building for the use of any of government. He stated that this Statute refers to the Public Facilities Corporation, which is the non-profit corporation that is formed to hold title to the property subject to the lease purchase. Mr. Schukei also submitted a copy of Legislative Resolution 45CA from 1998, which is aimed at addressing the situation where the nonprofit University of Nebraska Foundation had an unfair advantage on privately owned property, and was avoiding taxes. He pointed out the section which states that a constitutional amendment to provide that property of the state and its governmental subdivisions is exempt from taxation to the extent the property is used for public purposes and to authorize classification and taxation of property owned by the state and political subdivisions that is not used for authorized public purposes. He explained that this is why the County Assessor gets leases from every entity to make a decision regarding the taxation. Mr. Schukei explained that there was a big fight in Seward County about whether haying grassland on airport property was taxable and that issue was not addressed to make city halls or juvenile detention facilities taxable. He stated that there was an election in 2000, so why has it taken the Nebraska Department of Revenue 11 years to change its mind. He stated that he thinks the Revenue Department's ruling was correct before and he requested the County Board to grant the exemption.

County Assessor Jeff Hackerott reiterated that his recommendation is solely based upon the option of the Nebraska Department of Revenue and he wanted to make it abundantly clear that, in his opinion, the County Board would not be able to find three more obvious properties that qualify for exempt status.

Upon conclusion of testimony by individuals present during the hearing, Chairman McCallum closed the hearing at 9:38 A.M.

After discussion, it was moved by Klein and seconded by Griffith to approve the following exemption applications:
City of Norfolk and City of Norfolk Facilities Corporation – Building being retrofitted to house the City of Norfolk administrative offices and the City Council Chambers
Northeast Community college Facilities Corporation, Inc. – Building used as a one-stop shop for students wishing to apply for admission, register for classes, obtain financial aid information, pay their tuition and fees, and houses the College's Student Services and Administrative Services divisions
Northeast Nebraska Juvenile Services, Inc., Madison – Building used as juvenile detention center and personal property
Roll call vote: Ayes, McCallum, Griffith, and Klein. Nays, none. Motion carried.

The Board of Equalization adjourned at 9:40 A.M.

County Clerk

Chairman