

BOARD OF EQUALIZATION MEETING

Madison, Nebraska

June 25, 2013

The Board of Equalization of Madison County, Nebraska met at 9:30 A.M. to conduct hearings on property valuation protests.

Advance notice of meeting was published in the Tuesday, June 18, 2013 edition of The Norfolk Daily News. A copy of said notice was mailed to each Board member. An affidavit of acknowledgement 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 Open Meeting Act information posted in the meeting room.

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

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

County Assessor Jeff Hackerott presented the following documents that were accepted by the Board as part of the official record for all property valuation protest hearings conducted in 2013:

- 1) Rules and Regulations of the Tax Equalization and Review Commission (TERC)
- 2) Copy of certification of assessment filed with the Madison County Clerk
- 3) Written statement of the basic procedures used to send valuation notices
- 4) Copy of Notice of Valuation Change
- 5) Generalized overview of the procedure used in Madison County Assessor's Office to determine value of real property
- 6) Nebraska Assessor's Reference Manual
 - A) Article 15 of Nebraska Statutes, Chapter 77
 - B) Real Property Appraisal Regulations: 44-001 through 44-005
 - C) County Officials Regulations: 49-001 through 49-010
 - D) Real Property Regulations: 40-001, 003, 004, 008, 010, 011, 012 and 013
- 7) I.A.A.O. Textbooks: Property Appraisal and Assessment Administration, Property Assessment Valuation, and Mass Appraisal of Real Property
- 8) Tax Equalization and Review Commission General Orders #4 through #8
- 9) Madison County Sales File Record (Residential, Commercial, and Agricultural)
- 10) Copy of Madison County Measures of Central Tendency as required under Nebraska Revised Statute §77-1315(4) (2000 Cum. Supp., as amended by Nebraska Laws L.B. 170 § 6)
- 11) Copy of Property Valuation Protest Form 422
- 12) Nebraska Agricultural Land Valuation Manual
- 13) Map of Madison County Agricultural Market Areas for 2012/2013
- 14) Copy of confidential intra-office spreadsheet of adjustments made by location
- 15) Copy of Ag land values spreadsheet – 3 year comparison
- 16) Copy of Ag land values spreadsheet – values by market area
- 17) Soil Survey of Madison County published by US Dept. of Agriculture / Soil Conservation Service
- 18) 2013 Reports and Opinions of the Property Tax Administrator
- 19) Copy of Nebraska Administrative Code, Chapter 1 TERC Enabling Authority
- 20) "Real Property Valuations and Damage Due to Natural Disaster" Notification from P.A.D. dated June 10, 2011
- 21) Undervalued and Omitted Property Listing for tax year 2013
- 22) U.S.D.A. "Land Values & Cash Rents 2010 Summary" dated August, 2010
- 23) U.N.L. Department of Agricultural Economics "Nebraska Farm Real Estate Market Highlights 2009-2010" dated June 2010
- 24) U.N.L. Department of Agricultural Economics "Nebraska Farm Real Estate Market Highlights 2011-2012" dated June 2012
- 25) U.N.L. Department of Agricultural Economics, Cornhusker Economics "Land Booms, Bubbles and Busts: Some Beginning Year 2013 Reflections" dated January 16, 2013
- 26) U.N.L. Department of Agricultural Economics, Cornhusker Economics "Agricultural Land Values and Cash Rental Rates Continue to Climb" dated March 20, 2013

Hearings were conducted on property valuation protests as follows:

Protest #2013-1: Tammy Jo Burns, 219 Jefferson Avenue, Norfolk
Homestead Addition Lots 129 & 130

Chairman McCallum opened a hearing at 9:03 A.M. Tammy Burns was present and testified that the house is in bad shape. She explained that she received the property in her divorce settlement with a plan to destroy the house; however, her tax consultant recommended that she wait until 2014 to demolish the house so her income does not reach a different tax bracket. Ms. Burns reported that the roof of the house is sagging, the siding and windows have hail damage, the kitchen has 1970s vintage cupboards which are low quality, the garbage disposal is broken, the bathtub is sinking into the basement, the drywall in the back hallway needs to be replaced, the basement has black mold, and the furnace is nonfunctional. She also reported that a fireplace in the house has been gone since 1982; however, the taxes were not adjusted accordingly. County Assessor Jeff Hackerott reviewed the assessment record and reported that the house was built in 1962 as a basement house and the second floor was added in the 1970s. He stated that the basement finish has been compromised with moisture. Chairman McCallum closed the hearing at 9:11 A.M. Motion was made by Klein and seconded by Ohl to accept the County Assessor's recommendation for a reduction in the valuation based upon a physical inspection of the property and set the 2013 property valuation at \$24,093. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-2: Larry Mace, 55415 829th Road, Madison
Pt SW¼ 24-23-1 10 AC

Chairman McCallum opened a hearing at 9:13 A.M. Larry and Jean Mace were present. Larry Mace testified that they purchased the property for \$40,000 in June 2013 and the property was appraised less than the County's valuation. County Assessor Jeff Hackerott reported that he inspected the property on June 21, 2013 and three hog confinement buildings, a detached garage, and two mobile homes are located on the property. He stated that the County is not valuing one mobile home. Larry Mace reported that a tenant uses one of the mobile homes and pays the utilities, but does not pay rent. Chairman McCallum closed the hearing at 9:18 A.M. Motion was made by Klein and seconded by Ohl to accept the County Assessor's recommendation for a reduction in the valuation based upon a physical inspection of the property and set the 2013 property valuation at \$156,500. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-3: Sandra Luetkenhaus, 54827 832nd Road, P.O. Box 456, Madison
ILL E½ SW¼ 9-22-2 1982 Bonneville 16 x 66 80 AC

Chairman McCallum opened a hearing at 9:22 A.M. Sandra Luetkenhaus appeared at the hearing and testified that the mobile home is used only for storage and not as a residence. She stated that she has several pets living in the mobile home. She also reported that the porch leaks and the siding on the garage is bad. She explained that the water is turned off in the winter months and water is transported for her pets. County Assessor Jeff Hackerott reported that he completed an exterior review of the property on June 21, 2013 and confirmed that the property is overgrown with grass and weeds. He explained that an enclosed porch entry is located on the south side and a single stall garage is located on the north side. Chairman McCallum closed the hearing at 9:26 A.M. Motion was made by Klein and seconded by Ohl to set the 2013 property valuation at \$1,000 based upon the testimony presented during the hearing. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-4: Ronald F. Knapp, 2579 North Elizabeth Avenue, Fayetteville, Arkansas 72703-3710
NE¼ 16-21-2 160 AC

Chairman McCallum opened a hearing at 9:34 A.M. No one appeared at the hearing to offer verbal testimony. The written protest form was read. County Assessor Jeff Hackerott reported that he completed a visual inspection of the property and confirmed that a shelterbelt is located on the south property line, which is reflected on the assessment record. He explained that the property is assessed at \$3,265/acre, which is 75% of the actual property valuation; therefore, the total estimated actual value would be \$4,354/acre. Chairman McCallum closed the hearing at 9:37 A.M. Motion was made by Ohl and seconded by Klein to make no change to the property valuation since the land is classified correctly and the valuation appears equitable with similar properties. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-5: James L. Wulf, 625 South 4th Street, Meadow Grove
Original Town W 50Ft S 124Ft Blk 4

Chairman McCallum opened a hearing at 9:40 A.M. No one appeared at the hearing to offer verbal testimony. The written protest form was read. County Assessor Jeff Hackerott reported that he completed an inspection of the property with the owner on June 21, 2013. He stated that the house has been vacant for a number of years. Chairman McCallum closed the hearing at 9:42 A.M. Motion was made by Klein and seconded by Ohl to accept the County Assessor's recommendation for a reduction in the valuation based upon a physical inspection of the property and set the 2013 property valuation at \$19,686. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-6: Larry Thompson, 903 South Center Street, P.O. Box 255, Tilden
Tax Lots SW1/4 SW1/4 19-24-4 Tax Lot 30 & Pt Tax Lot 31 less .64 AC to State

Chairman McCallum opened a hearing at 9:52 A.M. No one appeared at the hearing to offer verbal testimony. The written protest form was read. County Assessor Jeff Hackerott reported that he completed an exterior inspection of the property. He stated that the windows are gone and doors are open and that the property is overgrown with grass, trees, and weeds. He also reported that the property has residential transitional zoning and all properties with this zoning were re-valued. Chairman McCallum closed the hearing at 9:55 A.M. Motion was made by Klein and seconded by Ohl to accept the County Assessor's recommendation for no change to the property valuation based upon a physical inspection of the property. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-7: Larry and Tara Remsing, 1110 Logan Street, Norfolk
S 27.5Ft Lot 4 & N 50Ft Lot 5, Blk 11, Dorsey Place

Chairman McCallum opened a hearing at 9:56 A.M. Tara Remsing was present and testified that the property was sold at auction in September 2012 for \$50,750 and they subsequently purchased the property and financed \$58,000 of the cost. She explained that an independent appraisal listed the value of the property at \$63,000. She stated that the prior owners had a homestead tax exemption on the property so they weren't concerned about the valuation. County Assessor Jeff Hackerott clarified that the documentary stamps paid when the deed was filed were based upon a sale price of \$61,000. He reported that he completed a walk-through of the house on June 21, 2013 with Larry Remsing and the owners are in the process of making renovations including removal of lath and re-wiring. He stated that the house has window air conditioning, and a detached garage. Chairman McCallum closed the hearing at 10:03 A.M. Motion was made by Klein and seconded by Ohl to set the 2013 property valuation at \$63,000 after giving consideration to the appraisal submitted by the owners. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-8: Aterra 35, 2305 Krenzien Dr Norfolk LLC, 39th Street, Des Moines, IA 50312
Rickert's Second Addition Lot 2-R

Chairman McCallum opened a hearing at 9:44 A.M. No one appeared at the hearing to offer verbal testimony. The written protest form was read. County Assessor Jeff Hackerott reported that the subject property is the Aaron's Rent-to-Own store located on Krenzien Drive in Norfolk. He stated that he completed a physical review of the property on June 21, 2013 and the parking lot was torn up and being replaced. He explained that he spoke to a tax representative from Aterra who confirmed that the parking lot was being replaced. Mr. Hackerott reported that the recent purchase price was based upon an existing lease and that an appraisal completed on March 5, 2013 in the amount of \$780,000 was submitted by Aterra. Chairman McCallum closed the hearing at 9:47 A.M. Motion was made by Klein and seconded by Ohl to set the 2013 property valuation at \$780,000 after giving consideration to the appraisal submitted by the owners. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-9: Zodiac Properties LLC, 214 North 7th Street, Suite 8, Norfolk
Golden Spike Addition Phase I, Lot 3, Blk 1

Chairman McCallum opened a hearing at 10:07 A.M. Pete Becker and Jack Sobotka were present. Jack Sobotka testified that the State of Nebraska was the primary tenant in the building and that in 2011 most of the State agencies, except the Nebraska Department of Revenue, moved out of the building. He reported that part of the building was then leased to non-government tenants at a reduced rate, but 54% of the building is currently unoccupied. He stated that they attempted to sell the building and have not received any offers, but the building has not been listed for public sale. County Assessor Jeff Hackerott reported that the subject property is valued at \$68/square foot and the City of Norfolk purchased its current office building for \$90/square foot. He explained that all commercial properties received a 5% valuation increase on the improvements to comply with the Nebraska Department of Revenue standards. Pete Becker stated that the County considers three criteria when establishing a valuation which include cost of replacement, comparable properties, and rental rates and the rental rates on the subject property are low. Chairman McCallum closed the hearing at 10:19 A.M. Motion was made by Klein and seconded by Ohl to make no change to the 2013 property valuation since the valuation appears to be equitable with similar properties. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-10: Zodiac Properties LLC, 214 North 7th Street, Suite 8, Norfolk
Golden Spike Addition Phase II, Lot 1, Blk 1

Chairman McCallum opened a hearing at 10:19 A.M. Pete Becker and Jack Sobotka were present. Jack Sobotka reported that the building was constructed in 1996 for lease to the Internal Revenue Service and Social Security Administration, but the Social Security Administration needed additional space and moved out of the building in 2006. He testified that the Internal Revenue Service downsized and leases a smaller space. He explained that some of the space has been leased again at a reduced rate; however, 48% of the building is currently vacant. He stated that the building is located close to the railroad tracks and may affect the ability to lease the property. Pete Becker testified that after the Social Security Administration moved out the building needed to be re-configured so the carpet and the ceiling tile were removed. He explained that the office space is build-to-suit for any tenant; however no one is interested in leasing 5,000 square feet of office space. County Assessor Jeff Hackerott reported that the subject property is valued at \$70/square foot and the City of Norfolk purchased its current office building for \$90/square foot. Chairman McCallum closed the hearing at 10:25 A.M. Motion was made by Klein and seconded by Ohl to make no change to the 2013 property valuation since the valuation appears to be equitable with similar properties. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-11: John Hoover, c/o Michael Hoover, 1700 Pasewalk Avenue, #101, Norfolk
PT SW $\frac{1}{4}$ NW $\frac{1}{4}$ 3-23-2 6.44 AC

Chairman McCallum opened a hearing at 10:35 A.M. No one appeared at the hearing to offer verbal testimony. The written protest form was read. County Assessor Jeff Hackerott reported that he reviewed the exterior of the property on June 21, 2013. He explained that the house and garage on the property are falling apart. He stated that the land is valued as agricultural and tree canopy and that the valuation change was a 5.6% increase from the prior year. In addition, he stated that parcel is valued in the same manner as all other agricultural property. Chairman McCallum closed the hearing at 10:38 A.M. Motion was made by Klein and seconded by Ohl to make no change to the 2013 property valuation since the land is classified correctly and the valuation appears to be equitable with similar properties. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-12: Duane Acklie, P.O. Box 81228, Lincoln
S $\frac{1}{2}$ N $\frac{1}{2}$ SE $\frac{1}{4}$ and S $\frac{1}{2}$ SE $\frac{1}{4}$ 26-24-2 120 AC

Chairman McCallum opened a hearing at 10:40 A.M. No one appeared at the hearing to offer verbal testimony. The written protest form was read. County Assessor Jeff Hackerott reported that he used GIS mapping imagery to re-verify that the number of acres of trees and shelterbelt are correct. He stated that there is a pivot on the property, but the corners are dry land, and beans are planted on the parcel. Chairman McCallum closed the hearing at 10:45 A.M. Motion was made by Klein and seconded by Ohl to make no change to the 2013 property valuation since the land is classified correctly and the valuation appears equitable with similar properties. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-13: Duane Acklie, P.O. Box 81228, Lincoln
S 60 AC E $\frac{1}{2}$ SW $\frac{1}{4}$ 26-24-2 60AC

Chairman McCallum opened a hearing at 10:45 A.M. No one appeared at the hearing to offer verbal testimony. The written protest form was read. County Assessor Jeff Hackerott reported that the Elkhorn River affects this property. He stated that the north part of the parcel is dry crop and the south part is trees and shelterbelt. He reported that he used GIS mapping imagery to re-verify that the acre count of the various soil classifications is accurate. Chairman McCallum closed the hearing at 10:46 A.M. Motion was made by Ohl and seconded by Klein to make no change to the 2013 property valuation since the land is classified correctly and the valuation appears equitable with similar properties. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-14: Duane Acklie, P.O. Box 81228, Lincoln
N½ N½ SE¼ 26-24-2 40 AC

Chairman McCallum opened a hearing at 10:46 A.M. No one appeared at the hearing to offer verbal testimony. The written protest form was read. County Assessor Jeff Hackerott reported that this parcel has a pivot, but there are two corners which are not irrigated. He stated that he reviewed the GIS mapping imagery and adjusted the number of acres of trees on this property. Chairman McCallum closed the hearing at 10:48 A.M. Motion was made by Klein and seconded by Ohl to set the 2013 property valuation at \$131,891 after review of the GIS maps by the County Assessor. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2013-15: Mota Ambaji, Inc., 7 El Kader, Trabuco Canyon, CA 92679
Janssen Replat Lot 1 (Tax Lots SW¼ SE¼ 23-24-1 Pt Tax Lot 4)

Chairman McCallum opened a hearing at 10:52 A.M. Jeff Hrouda, attorney representing Mota Ambaji, Inc., appeared at the hearing. Mr. Hrouda testified that the subject property is the Budget Inn Motel which was damaged by a fire in October 2012. He stated that the City of Norfolk became involved after the fire because of an issue with the zoning on the property. He reported that the north half of the property is zoned residential and the south half is zoned commercial. He also stated that there is an issue with the condition of the building that sustained damage from a fire because the current condition renders it valueless and the structure is a detriment to the owner. Mr. Hrouda submitted a letter from the City of Norfolk dated December 2012 regarding zoning issues on the property and another letter dated March 2013, which was an order to cease and desist operation of the business. He stated that this issue is currently on appeal with the City of Norfolk. County Assessor Jeff Hackerott reported that he inspected the property and the north two-story building sustained a fire and no work has been done to improve the building or demolish it. He stated that the other one-story building on the property appears to be occupied. Mr. Hrouda responded that the owners are in the process of moving the tenants out of the building and the long term plan is to remove the buildings once an insurance settlement is reached with the owners. He reported that the owners have hired adjusters to work with the insurance company on a settlement; however, due to problems within the insurance company a total of four different people have worked on the case. He stated that the estimated cost to remove both buildings from the property is \$40,000. He reported that the income generated by one building is not enough to offset the liability to the owners. In addition, he explained that there is no net income generated for the owners because the cost to maintain the building is more than the income received, thus making the property economically unviable. Chairman McCallum closed the hearing at 11:05 A.M. Motion was made by Klein and seconded by Ohl to accept the County Assessor's recommendation for a reduction in the valuation based upon a physical inspection and set the 2013 property valuation at \$120,758. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

The Board of Equalization recessed at 11:10 A.M. to Tuesday, July 2, 2013 at 11:00 A.M.

County Clerk Nancy Scheer

Chairman Jerry McCallum