

BOARD OF EQUALIZATION MEETING

Madison, Nebraska

June 26, 2014

The Board of Equalization of Madison County, Nebraska met at 9:00 A.M., in continuation of the June 17, 2014 meeting, to conduct hearings on property valuation protests.

Advance notice of meeting was published in the Friday, June 20, 2014 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 McCallum to approve the agenda for the meeting. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

County Assessor Jeff Hackerott submitted the following tax list corrections:

- #2966: B's Enterprises, Inc., P.O. Box 889, Norfolk
Addition to the tax rolls in the amount of \$216.32 for correction to the 2013 personal property taxes due after reviewing the 2013 personal property schedule
- #2967: DeWayne and Norma Rohlf, P.O. Box 256, Meadow Grove
Addition to the tax rolls in the amount of \$696.46 for correction to the 2012 real estate taxes due to rejection of the 2012 home stead exemption by the State of Nebraska
- #2968: Beti Wichman, P.O. Box 152, Battle Creek
Addition to the tax rolls in the amount of \$44.72 for acceleration of the 2014 real estate taxes due to selling and moving a mobile home outside the county
- #2969: Gergory and Patty Jo Johnson, P.O. Box 345, Newman Grove
Addition to the tax rolls in the amount of \$652.90 for correction to the 2013 personal property taxes after submission of the depreciation worksheet for 2014
- #2970: Hombre Lounge and Steakhouse, P.O. Box 34, Newman Grove
Addition to the tax rolls in the amount of \$127.24 for acceleration of 2014 personal property taxes due to sale of the business on June 26, 2014
- #2971: Jay and Carmen Johnson, 53665 825th Road, Newman Grove
Addition to the tax rolls in the amount of \$796.22 for correction to the 2013 personal property taxes after submission of 2013 personal property schedule
- #2972: Jenar, Inc., 53482 835th Road, Tilden
Addition to the tax rolls in the amount of \$4,080.52 for correction to the 2012 personal property taxes after submission of 2014 depreciation worksheet

After discussion, it was moved by Klein and seconded by McCallum to approve the tax list corrections as submitted. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Hearings were conducted on property valuation protests as follows:

Protest #2014-9: Duane Theil, 101 North 61st Street, Norfolk
PT S1/2 SE1/4 SE1/4 23-24-2 Parcel C 14.6 AC (2008-Lot Boundary Change-Tract 2)

Chairman Ohl opened a hearing at 9:01 A.M. Duane Theil appeared at the hearing and testified that he is protesting the farm ground valuation based upon several comparisons of parcels in the area which are similar in size and are used like his farm ground. He reported that the first comparison is property owned by Jim and Twyla Marr which is located one quarter of mile north of his parcel. He explained that the Marrs own a 29 acre parcel which is farm ground in alfalfa, the same as his parcel, and is valued at \$1,000 per acre. He reported that the valuation for the parcel owned by the Marrs appears to have remained the same since 2010, and in fact, decreased in value. He stated that the total valuation for his parcel increased from \$27,000 to \$65,000. Mr. Theil reported that the second comparable parcel is located across the road from his property which is a 9.13 acre parcel in alfalfa owned by the Gilbert Fuchs estate. He explained that the assessment record reflects that the land use is listed as grass; however, he spoke to the person who farms the ground and the parcel is alfalfa mixed with some prairie grass that crept into the alfalfa. He reported that the valuation for the Fuchs property is \$1,725 per acre compared to the valuation for his property which is between \$4,600 and \$5,000 per acre. He explained that there may be some difference in the soil types between the three parcels; however, the usage is exactly the same and similar in farm ground. Mr. Theil stated that, based upon these two comparisons, the valuation for his property is not in line with the two comparables. County Assessor Jeff Hackerott reported that he needs to complete some re-evaluation in this area prior to establishing values for next year. He stated that it appears that the valuations of the two comparables are not correct, but all three parcels should be valued as acreages. Mr. Theil questioned if the valuation for acreages is different than regular farm ground and County Assessor Jeff Hackerott responded that the two parcels of property that Mr. Theil sold north of his property have the predominant value of acreages. Mr. Theil stated that the piece of ground that he has left is farm ground which he is not planning on selling, and it is incorporated into where he lives, and he farms it accordingly. He stated that he feels that the 10 acre parcel located north of him is an acreage and it was sold as an acreage; but, what he has left he doesn't see it that way. County Assessor Jeff Hackerott stated that what Mr. Thiel has left is saleable as an acreage. Mr. Theil responded that what ground he has left is no more saleable as an acreage than if somebody had any piece of farm ground and someone came along and wanted to buy 5 acres and then suddenly that parcel would bring more money than the remaining portion of the property.

County Assessor Jeff Hackerott explained that what Mr. Theil has is a 14.6 acre piece of ground that is a stand-alone acreage. He further explained that when they look at a 160 acre parcel and then split off 5 acre pieces off around the edge if zoning would allow it; but, those aren't parcels of record until they are actually split off the farm. He reiterated that what Mr. Theil has is an acreage parcel of record and the two parcels north of Mr. Theil are also acreage parcels of record. Mr. Theil responded that the valuation on his property is not in line with Mr. Fuchs property and County Assessor Jeff Hackerott agreed and stated that he will look at the parcels for next year's valuation by changing the assessment listing to acreages. Mr. Theil questioned why the valuation for the Marr property decreased and remained the same for the three prior years. County Assessor Jeff Hackerott responded that this is a situation where the County does not have equitable agricultural land values and this will be changed for next year. He explained that when he re-calculates the valuations for the parcels in the area, Mr. Theil will lose the agricultural land valuation and when the acreage valuations are adjusted to approximately \$10,000/acre it will not be beneficial to Mr. Theil. Mr. Theil stated that he is using his parcel as agricultural land and he questioned if the parcel should be listed as an acreage just because the parcel is a smaller piece. County Assessor Jeff Hackerott responded that no one is really buying 80 acre parcels of ground for residential; but, they are buying 5 acre or 10 acre residential parcels. Chairman Ohl closed the hearing at 9:12 A.M. Motion was made by McCallum and seconded by Klein to equalization the property valuation with similar parcels in the area and set the 2014 property valuation at \$47,450. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2014-10: Rudy Dittrich, RED Inc., 101 West 10th Street, Tilden
S1/2 NE1/4 & SE1/4 SW1/4 & SE1/4 8-24-4 280 AC

Chairman Ohl opened a hearing at 9:39 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 inspected the property on May 19, 2014 and confirmed that all the buildings have been removed, except for the house which someone has started the demolition process on since part of the roof is pushed in. He reported that a detached garage was moved to another parcel of property. He explained that the building valuation should be adjusted to reflect the removal of buildings from the property. Chairman Ohl closed the hearing at 9:42 A.M. Motion was moved by Klein and seconded by McCallum to set the 2014 property valuation at \$838,696 due to removal of buildings on the parcel. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2014-11: Phillip Gesell, 2807 South 1st Street, Norfolk
Durlands Suburban Lots NW1/4 Lot 12

Chairman Ohl opened at 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 he inspected the property with the owner on June 23, 2014. He explained that the house was constructed by the owner's father out of seconds and salvage materials in 1981 and that Phillip Gesell purchased the property for \$65,000 on a Deed of Trust from his family. He reported that another factor influencing the purchase price was the fact that \$10,000 of the purchase price was included to upgrade the kitchen and install new cabinets, which were installed after January 1, 2014. The assessment listing was reviewed with the Board members. Chairman Ohl closed the hearing at 9:49 A.M. Motion was made by McCallum and seconded by Klein to set the 2014 property valuation at \$105,506 based upon a physical inspection of the property by the County Assessor. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2014-12: Marcilene Coover, 55229 836th Road, Norfolk
PT SE1/4 19-23-1 139.87 AC

Protest #2014-13: Marcilene Coover, 55229 836th Road, Norfolk
PT SW1/4 19-23-1 147 AC

Chairman Ohl opened a hearing at 9:15 A.M. Marcilene Coover, and her son, Todd Coover, appeared at the hearing. Marcilene Coover testified that the valuation of her properties is more than twice as much as the previous valuation and there is no way that they can reap any more good out of the land than they are already doing. She stated that her son, Todd, and her grandson, Ben, farm the land and they are good stewards of the land and do the best that they can; however, they have always had to do outside work. She explained that over the years, her and her husband, have planted trees for the NRD and her husband has always done custom work, such as windrowing and bailing, to bring in extra income which is still true of her son, Todd, who has an extra job. She stated that more than doubling the land valuation has made them aware that they will have a huge tax bill that she stated will be a real hardship. She reported that she brought documentation of what they get from the farm, including Schedule E of her taxes which shows every penny that comes off the farm. She stated that her protest is that this tax bill will be astounding if this valuation stands. Commissioner McCallum explained that in order for Mrs. Coover to present a case at the hearing the Board needs to know why she thinks the land is valued too high. He stated that it is not a tax meeting because if she appeals the Board's decision, she needs to prove evaluation, not taxes. He stated that he is simply trying to help Mrs. Coover, not be critical. He further explained that the valuation is based upon the sale of land in the market area and the soil types and the only change that the County Board can make is for situations where the assessment record is not correct, such as a building was removed. He reiterated that it is not the job of the County Board to discuss taxes at this meeting, but it is the job of the owner to prove why the valuation is not comparable with other ground in the area and income is not a consideration. Todd Coover reported that the property is covered with trees and shelterbelts which is a friend of this land because this land would blow away since it is highly erodible. He explained that there are blowouts in the pasture and the property could never be it leveled because Kaneb pipeline runs through the parcel. He explained that there is no well available because the ground is all sand and the only place where a well would be considered is heavier ground. He stated that they do as good as they can with farming the ground; but, the yield is 7 bushels an acre in areas with Pioneer corn sprayed by Central Valley Ag and with the recommended amount of fertilizer applied. Mr. Coover stated that this year there has been plenty of rain and the best acres where they could possibly get between 150 and 160 bushels per acre are drowned out. He reported that the grass won't support many head of cattle because it is very poor and covered with blow outs. He stated that he farms and pastures the land, but he also has another job, his wife has a job, and his son also has a job because that is the only way they can make this operation work. He said that they know what the ground is capable of making and this is a unique situation because of the trees, pipeline, and blowouts. County Assessor Jeff Hackerott reported that he inspected the two parcels with Mrs. Coover on June 19, 2014 and they walked a substantial distance through the pasture. He showed pictures of each parcel to the Board members and confirmed that at the current time the Lower Elkhorn Natural Resources won't allow any irrigation development. He explained that the parcels have been valued as grassland for many years and they are currently not all in grass because the west side is dry cropland and part of the east side is dry cropland.

Mr. Hackerott reported that Mrs. Coover testified that the land has been out of the CRP program since 1997 and the assessment record has never been changed to cropland. He explained that he drove by the farm last year and realized that the assessment record was incorrect. He explained that there are two significant influences on value this year, including market value increase in agricultural land and the change from grass to dry cropland on a number of acres on these parcels. He stated that the County's assessment records were wrong for many years on the land classifications and these corrections were made for 2014. Mr. Hackerott reported that Mrs. Coover brought in copies of the FSA documents for these parcels that show the acres that are in cropland and also to confirm that the land is not in the CRP program. He explained that since the FSA office will not provide this information to the County, the landowner must notify the County. He reported that the FSA office has the crop ground portions of both parcels listed as non-highly erodible. He confirmed that the pasture is hilly, there are several dry ponds on the property, many shelterbelts that cut up the parcels, and it is sandy. He reviewed the various soil classifications on the parcels and stated that the southeast quarter is valued at \$2,441 per acre and the southwest quarter is valued at \$3,037 per acre. Mrs. Coover stated that the land may sell for these prices, but it won't produce much. Commissioner McCallum responded that the land valuation is not based upon production. Todd Coover stated that he doesn't understand the doubling of increase in the valuation when 50 acres of tillable ground on the east quarter were tilled prior to putting it in the CRP program and he questioned why the County is saying it was upgraded from grass to tillable ground. County Assessor Jeff Hackerott responded that the County made an error in assessing the dry cropland as grass since 1997 when it was removed from the CRP program. He further explained that the acres that were in the CRP program should have been assessed as CRP from 1988 to 1997 and the valuation should have been based on crop ground when the land was taken out of the CRP program. He stated that there were 13 or 14 years of the parcels being undervalued by a substantial amount and the County did not know that the land was converted from CRP to crop ground. He reiterated that the County must assess the land on its actual use, such as dry crop or grass. He reviewed the various soil classifications and advised the Coovers to notify the County if the land use changes in the future. Chairman Ohl closed the hearing at 9:37 A.M. Motion was made by Klein and seconded by McCallum to make no change to the 2013 property valuations since the valuation appears equitable with similar properties and is reflective of the market. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2014-14: Billie Hathaway, 905 Durland Avenue, Norfolk
Durlands Suburban Lots E 104 FT W 156 FT Lot 26

Chairman Ohl opened a hearing at 9:50 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 inspected the property with the owner on June 11, 2014. He stated that he did not inspect the attic or the basement; however, not much maintenance or updating has been done to the interior of the house. He reported that the house has aluminum siding and a detached garage has six walk-in doors instead of a bi-fold or overhead door. Chairman Ohl closed the hearing at 9:55 A.M. Motion was made by Klein and seconded by McCallum to set the 2014 property valuation at \$67,654 due to the deteriorating condition of the house. Roll call vote: Ayes: Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2014-15: Aterra 35, 2305 Krenzien Dr Norfolk LLC, 526 39th Street, Des Moines, IA 50312
Rickert's Second Addition Lot 2-R

Chairman Ohl opened at hearing at 9:58 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 Aaron's retail store. He stated that he was unable to speak to anyone from Aterra regarding the subject property. He reported that the property was purchased for \$605,000 in March, 2013 and since that time the parking lot has been completely torn out and replaced; therefore, the property is not the same as when it was purchased. He stated that the building is used for a retail business and no additions have been made to the structure. Chairman Ohl closed the hearing at 10:00 A.M. Motion was made by McCallum and seconded by Klein to make no change to the 2014 property valuation based upon a physical inspection made by the County Assessor. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2014-16: Steven Travers, 219 4th Street, Meadow Grove
Lewis Addition Out Lot 1 N 66 FT S 396 FT W1/2 Lot 1 1/4 AC

Chairman Ohl opened at hearing at 10:00 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 spoke with the owner, but could not arrange an inspection of the property with the owner due to his work schedule. He stated that he looked at the exterior of the property on June 19, 2014; but, he doesn't have any information regarding the interior of the house. He reported that there is a lean-to addition on the back of the garage which is incomplete. Chairman Ohl closed the hearing at 10:02 A.M. Motion made by McCallum and seconded by Klein to make no change to the 2014 property valuation based upon an inspection by the County Assessor. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

Protest #2014-17: Jeff Craven, 1714 East Sycamore Avenue, Norfolk
Walters East Knolls Tenth Addition Lot 15, Blk 11

Chairman Ohl opened at hearing at 10:04 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 house with Mrs. Craven on June 19, 2014 and verified that the assessment listing is correct. He stated that the house is a ranch style built in 2011 and has 2,168 square feet with a basement that is predominantly finished. He reported that the house is very typical for the neighborhood. He explained that he reviewed the other properties submitted by the protestor. Chairman Ohl closed the hearing at 10:06 A.M. Motion by Klein and seconded by McCallum to make no change to the 2014 property valuation based upon an inspection of the property by the County Assessor. Roll call vote: Ayes, Klein, McCallum, and Ohl. Nays, none. Motion carried.

The Board of Equalization recessed at 10:18 A.M. to Tuesday, July 1, 2014 at 11:00 A.M.

County Clerk Nancy Scheer

Chairman Christian Ohl