

**Three Year Plan of Assessment for Sarpy County
July 15, 2013**

Introduction

77-1311.02. Plan of assessment; preparation. The county assessor shall, on or before June 15 each year, prepare a plan of assessment which shall describe the assessment actions the county assessor plans to make for the next assessment year and two years thereafter. The plan shall indicate the classes or subclasses of real property that the county assessor plans to examine during the years contained in the plan of assessment. The plan shall describe all the assessment actions necessary to achieve the levels of value and quality of assessment practices required by law and the resources necessary to complete those actions. The plan shall be presented to the county board of equalization on or before July 31 each year. The county assessor may amend the plan, if necessary, after the budget is approved by the county board. A copy of the plan and any amendments thereto shall be mailed to the Department of Revenue on or before October 31 each year.

Source: Laws 2005, LB 263, § 9; Laws 2007, LB334, § 64.

Duties of the County Assessor

The duties of the county assessor are stated in the Nebraska State Statutes, 77-1311. Along with the general supervision and the direction of the assessment of all taxable property in the county, the assessor is responsible for the following:

- Annually revise the real property assessments for the correction of errors and equitably portion valuations.
- Obey all rules and regulations made under Chapter 77 and the instructions and orders sent by the Property Tax Administrator and the Tax Equalization and Review Commission.
- Examine records from the offices of the register of deeds, county clerk, county judge, and the clerk of the district court for proper ownership of property.
- Prepare the assessment roll.
- Provide public access to records.
- Submit a plan of assessment to the county board and the division of property assessment.

Real Property Assessment Requirements

All property in the State of Nebraska is subject to property tax unless expressly exempt by Nebraska Constitution, Article VIII, or is permitted by the constitution and enabling legislation adopted by the legislature. The uniform standard for the assessed value of real property for tax purposes is actual value, which defined by law as "the market value of real property in the ordinary course of trade" Neb. Rev. Stat. 77-112 (reissue 2003). Assessment levels required for real property are as follows:

- 100% of actual value for all classes of real property excl; agricultural and horticultural land.
- 75% of actual value for agricultural and horticultural land.
- 75% of special value for agricultural and horticultural land which meets qualifications for special valuation under 77-1344 and 75% if its recapture value as defined in 77-1343 when the land is disqualified for special valuation under 77-1347.

General Description of Real Property in Sarpy County

	<u>Parcels</u>	<u>% of total parcels</u>
Residential	53,287	91
Commercial	1,905	3
Industrial	914	2
Recreational	460	1
Agricultural	2,058	3

91% of the parcels are coded as residential property; commercial/industrial parcels make up 5%; agricultural is at 3%; and 1% for recreational. Building permits in Sarpy County were issued as follows:

Residential	1,978	Permits issued from July 1, 2012 to June 30, 2013
Commercial	169	
Industrial	32	
Agricultural	78	

Current Resources

The Sarpy County Assessor's office is currently staffed as follows:

- (1) Elected County Assessor
- (1) Chief Deputy Assessor
- (7) Real Estate Appraisers
- (2) Real Property Data Collectors
- (8) Administrative Staff

Cadastral Mapping

Cadastral mapping is accomplished through our Geographic Information System. Technical support is provided by the Sarpy County Information Systems Department. The assessor has two people on staff with advanced mapping skills. Maps are provided to the public via the internet. The I.A.A.O. recommends keeping printed quarter sheets on hand. Our quarter sheets are kept in the office of the register of deeds and are available for public viewing.

Computer Assisted Mass Appraisal (CAMA)

Thomas Reuters provides the Terra Scan CAMA Software Package along with updates to Terra Scan and the Marshall-Swift Cost Data. The sketching section of Terra Scan is not adequate for our needs and is not used. Sketching is accomplished through a separate Apex software program. CAMA data populates the parcel look-up section of the county website.

Sarpy County has purchased a new computer-assisted mass appraisal and tax collection system to replace the Terra Scan product. Devnet is currently being installed for both the assessor and treasurer. Operational training will begin in August.

Geographic Information System

The GIS system is controlled by our Information Systems Department with the assessor having use of ArcViewer and ArcReader. This provides our appraisers with tools for plotting sales, permits, identify areas for reappraisal, etc. Maps are helpful for explaining assessment practices to property owners and county board members. Oblique imagery is available to use through Pictometry and is useful for verification of a number of property characteristics. The 2013 over-flight for the purpose of updating aerial imagery has been completed and is yet to be delivered to the assessor.

Internet Access to County Information

Much of the data from assessment files can be viewed on the internet in the form of free public information and premium services. It is the policy of the Information Systems Department to charge a fee for some assessment information and for the generation of custom reports. The public use of the website (www.sarpy.com) has increased each year and the majority of hits are on the assessor's portion of the site. We have added internet access to previous year's Nebraska Personal Property Schedules in order to expedite the annual filings with our office. Information regarding important filing dates and assessment methods are updated frequently.

Current Assessment Procedures for Real Property

The population of Sarpy County has passed 150,000 residents according to the numbers issued by the 2010 U.S. Census. Permits for the construction of new homes, apartments, and commercial buildings are slowly increasing. Copies of building permits are submitted to our office with the major permits (new construction, building additions, etc.) receiving prompt attention. The minor building permits (decks, sheds, patios, etc.) are generally addressed when we re-inspect the sub-division or market area.

Construction of secondary structures in the rural areas of Sarpy County often takes place without a building permit. The review and comparison of aerial photography along with physical inspection is necessary to collect data for listing and valuation. Inspections in the years 2009 and 2010 indicated a great need for increasing our property inspection efforts in the rural areas. In 2011, personnel were shifted to the effort to catch-up on rural building permits for the 2012 values. One staff appraiser assigned to the rural areas has proven inadequate for the amount of work involved. We are looking to new methods of accomplishing our appraisal goals in the rural areas.

Agricultural land is being platted for residential development with a complimenting number of commercial plattings to support the population growth throughout the county. Currently, the largest population growth is in the rural (unincorporated) areas of Sarpy County.

The number of deeds filed with the register of deeds office has shown an increase over this time last year. All transfers of real property that are recorded are subject to a thorough sales verification process by the assessor before they are considered an arms-length transaction.

Review of Assessment Sales Ratio Studies before Assessment Actions

Ratio studies are performed during the year to determine the level of our assessments in individual market areas. This serves as an indicator of possible inspection and re-valuation needs in a specific area. While statistical studies are performed in-house, we work from the preliminary statistics issued by the Property Assessment Division.

Approaches to Value

Residential assessed values are determined by using a cost approach to value adjusted to the market via depreciation tables derived from market transaction (sales) analysis. Our office uses two years worth of qualified sales as the market data for our statistical analysis and measurement.

We rely on the local real estate market, interviews with local mortgage lenders, real estate appraisers, real estate developers, and national real estate publications to assist us with the income approach to value on commercial properties. However, all three approaches to value are considered.

Agricultural land may receive a special valuation by enrolling in an Agricultural Special Valuation Program (greenbelt) or simply valued at 75% of market value, where applicable. There are specific requirements for receiving special valuation and the assessor closely observes the predominant use of each parcel to be certain of agricultural or horticultural uses. The necessity to value any land adjoining agricultural land, but not considered to be agricultural land, has been studied and valued according to the results of the study. Sales of rural parcels are applied to the valuation models each year to determine any necessary adjustments to the assessed values.

Reconciliation of Final Value and Documentation

Three approaches to value are generally accepted in the performance of mass appraisal. A minimum of two approaches to value are applied to every improved parcel, as appropriate, to determine fair market value.

Review Assessment Sales Ratio Studies after Assessment

Staff appraisers review their own market-area statistics before and after assessment actions. The statistics are discussed with the chief deputy assessor to determine possible actions to be taken by the appraiser.

Notices and Public Relations

Several notices or documents are sent to the property owners with regard to the taxable status of their property:

- Changes in Valuation Notices are mailed at the end of May. The Sarpy County Website provides property information, important notices, and forms. Beginning in 2014, assessed values will be posted to the county website by January 15th.
- Permissive Exemptions are mailed on November 1st to previous filers.
- Personal Property filing reminders are mailed in April with directions for web access to the previous year's filing.

- Homestead Exemptions are mailed at the end of January to the previous year recipients of the exemption along with those who request that forms be mailed.

Public notification takes place in a newspaper of general circulation and on the Sarpy County website. The website has an assessor's area where frequently asked questions are answered; assessor's sales and statistical reports; and appraiser contact information. Comments and questions via email continue to increase every year and receive prompt attention. Use of our website is encouraged at every opportunity.

Level of Value, Quality and Uniformity for Assessment Year 2013

<u>Property class</u>	<u>Median</u>	<u>COD</u>	<u>PRD</u>
Commercial	98.00	8.76	99.72
Agricultural	70		
Residential	97.00	4.85	100.45

Assessment Actions Planned for Assessment Year 2014

A significant amount of time will be spent in training our staff on the Devnet CAMA System and making the system fit our needs. Our staff will have to learn the new software "on the fly" as we are required to post the 2014 assessed values on the internet by January 15th. The vendor's familiarity with Nebraska Statutes and Regulations will be a factor in the length of time it will take to make a new system work for Sarpy County. However, we are better equipped to handle a software conversion today than at any point in our history as our staff is better educated and our cumulative years of assessment experience is very high.

Sarpy County is still be the fastest growing county in the state. The final U.S. Census numbers have us close to 158,000 in population. A clear trend toward population growth outside of the cities and incorporated areas means a greater focus on rural area valuation practices. We will have a sufficient population and parcel count to merit hiring an additional residential real estate appraiser. However, we are saving money and training new people by hiring property data collectors rather than appraisers.

The assessor will continue to be an advocate for greater availability of assessment and mapping information on the internet along with downloadable and/or editable forms. Residential property owners are demanding enhanced on-line tools and information for the purpose of protesting their assessed values and making comparisons with neighboring parcels. On-line review of residential property records has helped our office update the documented physical characteristics of individual parcels. Information provided by the Sarpy County Information Systems Department indicates that the Assessor's Property Look-Up Website receives four times as many hits as any other county government website.

Good progress toward our six-year cyclical property inspections has been realized as we have placed increased emphasis and technical resources toward the goal. We have realigned our appraisal resources to improve our inspection progress in the rural areas. Overall we have been impressed with the production of our existing staff in meeting the requirements of the state.

The number of digital photos of improved parcels collected annually is improving with the addition of data collectors to our staff. Frequent updating of digital photos is essential to our future plans to fully integrate aerial oblique imagery and perform desk-top appraisals.

This year is significant as we must comply with 77-1301 (2):

Beginning January 1, 2014, in any county with a population of at least one hundred fifty thousand inhabitants according to the most recent federal decennial census, the county assessor shall provide notice of preliminary valuations to real property owners on or before January 15 of each year. Such notice shall be (a) mailed to the taxpayer or (b) published on a web site maintained by the county assessor or by the county.

Also, Assessment Process Regulation 50-002.01B

Additionally, the assessor shall initiate a process whereby each parcel of real property is inspected and reviewed within a six (6) year cycle. The purpose of the inspection and review process is to insure that the county assessment records are kept current and to assure that all changes to improvements, unreported improvements or changes in land use are systematically discovered and assessed. The inspection process shall be done in such a manner that logical classes are examined together. When a class or subclass has been inspected, the values of all of the parcels in that class may be updated, adjusted or completely reappraised. In the intervening years the remaining classes and subclasses that are not subject to inspection, shall be analyzed and if necessary, adjusted based on market analysis and indicators of the level of value, if there is sufficient data within the market to justify and adjustment, and if measurable change took place among the classes or subclasses that were subject to inspection and review.

Our appraisal calendar will change substantially in order to prepare for the requirement to report assessed values to the public four and one-half months earlier than previously required. This is a major change to our operations and the full impact of the change on time and resources is yet to be realized. Not only will our time in the field for data collection be shortened; our time handling questions from property owners will be lengthened. This shows every sign of reducing productivity in the area of collecting property characteristics vital to generating equal and accurate assessed values.

Residential

Every year we run ratio studies against our sales data base for the purpose of determining the need for value adjustments in individual market areas. Reappraisal and re-inspection will continue as the Assessment Division of the Nebraska Dept. of Revenue will likely be inclined to question any shortcomings in complying with the statutes.

This will be our first, full year of using Real Property Data Collectors. It should also be the first year of using tablet computers in the field for data collection. The tablets and data collectors are for the purpose of meeting our statutory requirement to visit each parcel at least once every six years. Plus, we are saving money on salaries for full appraisers and data entry clerks. It remains to be seen what the time and cost savings will amount to. We are encouraged by the performance of our Real Property Data Collectors during the first part of 2013 and believe that this is a worthwhile allocation of resources.

Commercial/Industrial

Construction of commercial buildings attracting national tenants is underway for Werner Park, Nebraska Crossing, and Southport West. In South Papillion, Midlands place looks to showcase popular local businesses and Shadow Lake Town Center continues to expand.

Appeals to the TERC have been increasing. Many are filed by out-of-state companies representing local property owners and represent an increased workload for our commercial staff as they request a substantial amount of data and contact with our appraisers. We anticipate the number of property tax consultants protesting values to increase.

The appraisers will select new occupancy codes to be re-listed and re-valued. Much of this will be driven by current market transactions and the date of last inspection. Occupancy codes to be inspected for 2014 are Fast Food, Restaurants, Supermarkets, Mobile Home Parks, and Banks. National publications of rents, vacancies, and capitalization rates will be of greater use as we start to see larger commercial/industrial concerns locate in Sarpy County. We are hopeful that our efforts at more frequent and open dialogue with property owners will increase our mutual understanding of our local market and result in valuation agreements without the need for a formal hearing.

Our senior commercial appraiser will go on part-time employment status and he will continue to train an appraiser promoted from within our ranks.

Agricultural/Rural

The purchase price of agricultural land has increased substantially over the last three years without much comment from the property owners when valuation notices are delivered in June. The new soil map still draws skepticism from farmers as to its accuracy. We continue to refer property owner's soil concerns to the proper governmental authorities.

Reviewing the parcels enrolled in agricultural special valuation is ongoing. Determining agricultural or horticultural use along with the updating our Land Use maps remains essential to accurate assessed values and proper monitoring of the Agricultural/Horticultural Special Valuation program.

Buildings constructed in the rural areas that do not require a building permit will continue to be a priority as we review the rural property characteristics documented on our records. We are hopeful that our efforts to make rural property owners familiar with the Improvement Information Statements is paying-off by fewer improvements going undocumented on assessment records.

The assessor's office was denied funding to replace our four-wheel drive vehicle in 2013. This will hamper our efforts when inspecting rural farm land if we are not permitted a vehicle for 2014.

We are in the process of inspecting all rural properties by section and township. Estimates are that this will take two assessment cycles to complete. New aerial imagery should be available for our use after quality control efforts are completed in the Sarpy County Information Systems Department.

Assessment Actions Planned for Assessment Year 2015

Residential

Every year we run ratio studies against our sales data base for the purpose of determining the need for value adjustments in individual market areas. All residential parcels will have been inspected and re-listed at least once in the past six years. It is anticipated that new construction will be on the rise as the economy improves and the need for an additional staff appraiser will be great. If Real Property Data Collectors continue to prove worthwhile we will look to hire more.

Desktop reappraisals will not be fully operational and street-level photography will be ongoing to facilitate desktop requirements. We anticipate having tablet computers in the field with each appraiser and data collector. This is a leap from using clipboards and pencils for record updating. As this is not new technology to the industry we do not anticipate any substantial difficulties with integrating the new data collection processes into our routines.

Commercial and Industrial

The number of commercial valuations that are appealed to the Nebraska Tax Equalization and Review Commission is increasing along with the time it takes to prepare for each case. Interrogatories are often issued and must be completed by our staff appraisers with the assistance of an attorney. Many out-of-state tax representatives are representing local property owners and requesting a large amount of information for case preparation. The commercial appraisal staff continues to put forward effort toward successfully coming to an agreement on valuation with the property owner prior to a TERC hearing. Our commercial appraisers will continue to inspect and re-value several occupancy types of commercial property each year.

It is possible that the new commercial construction underway and the recent platting's of commercially zoned land will result in an increased work load for our commercial appraisers requiring two, full-time appraisers. This will mean a promotion from within our office of a residential appraiser and the hiring of a replacement appraiser.

Agricultural/Rural

Agricultural land, while decreasing in the number of acres, has increased in value by double digits for the last two years. We expect 2015 to increase, but at a lesser amount than previous years. It is anticipated that we will continue to draw sales from rural counties to set our agricultural land market values even though the gap between agricultural and development value is shrinking.

We expect a rise in agricultural land being platted and developed. This means a decreasing agricultural property tax base as it moves to residential and commercial use.

Assessment Actions Planned for Assessment Year 2016

Residential

Every year we run ratio studies against our sales data base for the purpose of determining the need for value adjustments in individual market areas. All residential parcels will have been inspected and re-listed at least once in the past six years.

The use of computer tablets in the field should begin showing the efficiencies and cost savings common with the use this appraisal tool. With the new CAMA system in use and the new data collection technology, the assessor's office should begin the process of moving to desktop reappraisals of market areas. Desktop reappraisals are an up and coming mass appraisal method and is recognized by the Nebraska Department of Revenue. It basically consists of using recent street-level property photos; aerial, oblique imagery; and property assessment records to update the specific characteristics of real property without physically visiting the site. This process is practiced in other assessment jurisdictions throughout the country and our office has observed their processes. Timely aerial images and street-level photos are essential to the success of this assessment practice. It remains to be seen if sufficient funding will be available.

Commercial and Industrial

Commercial and industrial properties have consistently represented about 23% of our property tax base. We have every indication that this may increase with the number of commercial concerns attracted to Sarpy County by our economic demographics. Sarpy County's average household income and average assessed value of residential property is the highest in the state. Building permits and platting's are growing in number along with inquiries from companies about our assessment policies on real and personal property. Our commercial appraisal expertise will grow with formal education and the addition of staff with commercial mass appraisal experience.

Agricultural/Rural

A substantial amount of effort has been applied to updating our land use maps and soil maps. The ongoing concern is keeping the improvements to land updated as buildings are razed and/or constructed. The lack of building permit requirements for the rural areas makes it necessary to make frequent sweeps of the rural areas for new construction. However, as towns increase their extra territorial jurisdiction we expect that we will be seeing more building permits for all kinds of construction.

The Nebraska Department of Revenue Assessment Division (PAD) indicates that they are seeing agricultural land sales nearing the same price as land being sold for development. If this is the case, we may begin using raw land sales in Sarpy County for the purpose of determining agricultural land values. In the mean time we will continue to use land sales that the PAD provides to us.

Prepared by Dan Pittman
Sarpy County Assessor
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