

**NEBRASKA ADMINISTRATIVE CODE**

**Title 350 – Nebraska Department of Revenue, Property Assessment Division**  
**Chapter 50 – Assessment Process Regulations**  
**Effective Date – MM/DD/YY**

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**Title 350 – Nebraska Department of Revenue, Property Assessment Division**  
**Chapter 50 – Assessment Process Reporting Requirements and Appraisal Process**

REG-50-001 DEFINITIONS

001.01 Actual value ~~shall~~ means ~~the market value or fair market value~~ of real property in the ordinary course of trade. ~~It is the most probable price expressed in terms of money that a property will bring if exposed for sale. It is the typical amount the property will sell for, either when on sale in the open market or in an arm’s-length transaction between a willing seller and a willing buyer, both of whom are knowledgeable about the property and its current and possible uses, concerning all the uses to which the real property is adapted and for which it is capable of being used. In analyzing the uses and restrictions, the analysis shall include a consideration of the full description of the physical characteristics of the property and the property rights being valued.~~ Actual value may be determined using professionally accepted mass appraisal methods, including, but not limited, to the (1) sales comparison approach, (2) income approach, and (3) cost approach.

001.02 Appraisal ~~shall~~ means a written opinion of value of real property. ~~An appraisal shall set forth an opinion of value of based on an adequately described description of the property, as of on a specified date, and shall be supported by relevant data analysis, an analysis of relevant data. While For the purposes of property taxation, appraisal, reappraisal, and mass appraisal are interchangeable terms for property taxation purposes, except, reappraisal may also mean performing an additional appraisal a subsequent or second appraisal needed to correct an error in an earlier appraisal. For this Chapter, purposes of these regulations the term appraisal shall is be used, unless the context requires otherwise. All appraisals shall must meet the standards as promulgated by the Appraisal Standards Board of the Appraisal Foundation in the *Uniform Standards of Professional Appraisal Practice*, effective as currently updated, including Standard 6, Mass Appraisal and Reporting in conjunction with existing “Statements on Appraisal Standards” and “Advisory Opinions”. A copy of the *Uniform Standards of Professional Appraisal Practice* is on file at the office of the Tax Commissioner.~~

001.03 Appraisal firm means any individual or company that contracts with a county to do an appraisal, an appraisal update, or an appraisal maintenance project. Any firm that submits a proposal to provide appraisal services must comply with the requirements in this regulation.

001.04 Appraisal or assessed value adjustment means an action taken by the county assessor, Tax Equalization and Review Commission, or other lawful body that changes the valuation of a class or subclass of property by a percentage. The adjustment is based primarily on an assessment sales ratio study analysis.

001.03.05 Appraisal process ~~shall~~ means a systematic analysis and documentation of the factors that affect the value of real property. ~~It is a documented, orderly program by which defines the problem is defined, the work necessary creates a plan to solve the problem, is planned, and gathers, classifies, analyzes, and interprets the necessary data gathered, classified, analyzed, and interpreted into a written opinion of value. In the assessment process, it is the function for determining assessed value. For purposes of property taxation, it shall It must include the grouping of similar properties so that all properties within a class or subclass are collectively examined and valued together.~~

001.04 Appraisal firm shall mean any individual, corporation, partnership or joint venture that contracts with a county to undertake an appraisal, an appraisal update, or an appraisal maintenance project. The requirements set out in REG 50 004, Requirements for Appraisal Contracts, shall be complied with by any firm desiring to provide appraisal services.

001.05 Appraisal update shall mean an appraisal in which all or part of the data collection process is determined to be unnecessary (a limited appraisal) but there is a need to adjust values on all of the properties within a defined class or subclass. This includes, but is not limited to recalibration of a market model or cost model involving implementation of more current cost data or adjustments to value by a percentage, and applied uniformly to all property within a defined class or subclass of property.

001.06 Appraisal maintenance, or pick-up work, is the collection of specific data relatinged to new construction, remodeling, additions, alterations, and removals of existing buildings or structures. Pick-up work may

also include: changes in zoning, use, or annexation; the addition, deletion, or change in characteristics of encumbrances such as leases, easements, or special programs (eg, for example, the Conservation Reserve Program); and the addition, deletion, or change in characteristics external to the property, including, but not limited to, amenities such as paving, utilities and proximity to favorable or unfavorable influences, such as schools, libraries, city dumps, sewage treatment facilities, or meatpacking plants. The data shall must be gathered in a systematic process so that all properties are treated uniformly. The value of property analyzed in an appraisal maintenance project shall must be equalized with comparable properties.

001.07 Appraisal update or limited appraisal means an appraisal in which all or part of the data collection process is not necessary for an appraisal, but is needed for making adjustments on property values in a defined class or subclass. This includes, but is not limited to, recalibrating a market or cost model to implement current cost data, or adjusting value by a percentage, and then applying it uniformly to all property in a defined class or subclass.

~~001.07.08~~ Appraiser shall means a person who estimates value and, more specifically for this regulation, one who possesses has the necessary qualifications, ability, and experience to ~~execute or direct the estimation of~~ estimate the value of real property. An appraiser is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.

001.08A Appraisers employed by a county assessor are exempt from the Real Property Appraiser Act under Neb. Rev. Stat. § 76-2221.

~~001.08 Appraiser assistant includes field data collector, apprentice appraiser, and appraiser trainee and shall mean a person who performs tasks of data gathering, organizing, and preparation, but who does not act in the capacity of an appraiser. An appraiser assistant shall be directed by and under the supervision of a qualified appraiser or assessor and shall not be relied upon to make independent valuation judgments.~~

001.09 Assessment process for real property shall means the act of listing the description of all real property, determining its taxability, ~~determining~~ taxable value, and placing it on the assessment roll.

~~001.10 General data shall mean that data which is not specific to individual properties, including but not limited to: neighborhood characteristics, demographics, trends, factors, various maps, zoning, codes, ordinances, and any other similar data relevant to the value of the properties to be assessed.~~

~~001.11 Specific Data shall mean data which relates only to the specific parcel being appraised, including but not limited to, on site and off site conditions which have specific impact on each individual parcel, such as: measurements, perimeter sketches, age determination, site plans, photos, building elevation sketches, the presence or absence of utilities, street and sidewalk improvements, floor plan, room count, physical condition observations, functional condition observations, and any descriptive information necessary to develop a replacement cost new utilizing the prescribed cost manuals.~~

~~001.12~~ 001.10 Comparative Data shall means data which is used to compare unit values of like similar or competing properties such as: replacement cost estimates; local or historic costs; sales information; and rental and expense data.

~~001.13~~ 001.11 Cost Approach is the approach to value which is based upon the principle of substitution, where an that the informed purchaser would pay no more for a property than what than the cost of producing a substitute property with the same utility as the subject property would cost to produce.

001.12 Data analysis is a process which organizes, develops, and displays the data in such a manner that derived values are supported, illustrated, and defended.

001.13 Data collection is a process to gather data relevant to the appraisal and assessment of property.

001.14 Division means the Nebraska Department of Revenue, Property Assessment Division.

~~001.14~~001.15 Depreciation ~~shall~~ means the loss of value from deterioration and/or obsolescence. Deterioration, or physical depreciation, is evidenced by wear and tear, decay, dry rot, cracks, encrustations, or structural defects. ~~Obsolescence is divisible into two parts~~ There are two types of obsolescence: functional obsolescence, which is shown by conditions within the property ~~may be~~ due to poor interior design, mechanical inadequacy or overadequacy, and inadequacy or overadequacy due to size, design, etc., ~~and is evidenced by conditions within the property;~~ and locational obsolescence which is a component of economic obsolescence due to a suboptimal siting of an improvement and is shown ~~is caused~~ by changes external to the property, such as neighborhood changes, environmental or use changes, legislation, ~~etc. and the like.~~

001.16 Digital imagery technology tools include current high-resolution street-view images, orthophoto images, and low-level oblique images. Geographic Information System (GIS) is an additional technological tool that may be used in certain circumstances to review property as specified in this regulation. This technology may incorporate change detection techniques that compare building dimension data and identify potential sketch discrepancies for further investigation.

001.16A Orthophoto images must be collected at a minimum of 6 inch pixel resolution in urban areas. Rural areas must be collected at a minimum of 12 inch pixel resolution.

001.16B Digital images must be no older than three years to be used in lieu of a field review or on-site inspection for assessment purposes.

001.16C Each review using digital imagery technology must be detailed in the property record card and incorporated into the county assessor's six-year inspection and review cycle. As new technology becomes available in the appraisal and assessment field it must be approved by the Property Tax Administrator prior to use in the six-year inspection and review cycle.

001.17 Field review means any inspection and review conducted at a property location. This review includes on-site inspections, interior inspections, listing, measuring, and taking updated photographs of the property.

~~001.15~~18 Income Approach ~~shall~~ means the approach to value which converts anticipated benefits (dollar income or amenities) to be derived from the ownership of property into a value estimate. Anticipated future income and/or reversions are discounted to a present worth figure through the capitalization process.

001.19 Inspection means the in-person review or examination of property.

012.19A Systematic inspection and review means the orderly, methodical, and planned process of inspecting and reviewing all parcels prioritized by neighborhood, market area, or assessor location. The planned process must include all sold and unsold property within the area identified for inspection.

001.19B Interior inspection means the on-site inspection and review that includes entering the buildings to inspect the interior details and condition of the interior components.

~~001.16 Sales Comparison (Market) Approach shall mean a process of analyzing sales of similar recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. Market approach, market data approach, and direct sales comparison approach are synonymous terms.~~

001.20 Listing means an on-site data gathering process that involves gathering all of the specific data necessary for the appraisal of each individual parcel.

~~001.17 Market is a set of arrangements for bringing buyers and sellers together through the price mechanism. The real estate market reflects attitudes and opinions in the minds of buyers and sellers and their actions in the market create market data.~~

~~001.18~~21 Market Area is that geographic area or other area with defined characteristics within which similar properties are effectively competitive in the minds of buyers and sellers with other comparable property in the

area—means an area with defined characteristics within which similar properties are equally competitive in the minds of buyers and sellers.

~~001.19~~22 Market Analysis is a study of general real estate market conditions that affect the competitive supply, demand, and prices for particular types of facilities or properties.

~~001.20~~ Narrative Appraisal Report shall mean a formal written document ~~can explain and defines the results of the comparative data and which contains but is not limited to:~~ the date of the appraisal; the certification and signature of the appraiser; the purpose of the appraisal; the qualifying conditions; information which defines the various neighborhoods, towns, or property groups which will be considered during the appraisal process; condensation of market and income data; analysis, interpretation, and explanation of conclusions drawn from the data; explanation of the processing of the data through any of the three approaches to value used; and, any maps, plans, charts, or other data which was used to support the appraisal. In mass appraisal, a written summary report should clearly communicate the elements, results, opinions and value conclusions of the appraisal.

001.23 Office review means any review conducted in the office without physical inspection of a property. This review may include a review of data collected regarding the property, digital imagery technology, and information obtained from the owner, lessee, or a third party knowledgeable about the property.

~~001.21.~~24 Referee shall mean an impartial professional credentialed appraiser or similarly qualified individual county assessor or deputy county assessor certificate holder who conducts protest hearings as the representative of, and under the instructions direction of, the county board of equalization.

~~001.22~~ Appraisal or assessed value adjustment shall mean an action taken by the assessor, Tax Equalization and Review Commission or other lawful body that changes the valuation of a class or subclass of property by a percentage, and is based primarily on the analysis of an assessment sales ratio study. This contrasts to an appraisal update which is a change or model calibration based on appraisal process and rooted in the analysis of the market.

~~001.23~~ Record review is typically an office/clerical function to systematically determine if all parts of each record are complete and accurate, or to post new data to the record.

~~001.24~~ Questionnaires are review mechanisms that are mailed or distributed to targeted property owners and are typically used for the verification of sales, the discovery or verification of rental data or to update listing detail.

001.25 Sales comparison approach means a process of analyzing sales of similar recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. Market approach, market data approach, and direct sales comparison approach are synonymous terms.

001.26 Specific data means data which relates only to the specific parcel being appraised. This can include measurements, perimeter sketches, age determination, site plans, photos, building elevation sketches, the presence or absence of utilities, street and sidewalk improvements, floor plans, room counts, physical and functional condition observations, and any descriptive information necessary to develop a replacement cost new utilizing the prescribed cost manuals.

001.27 Tax Commissioner means the Tax Commissioner of the Nebraska Department of Revenue.

001.28 Valuation methodology means a formal written document which clearly communicates the elements, results, opinions, and value conclusions of the review. This report contains: the date of the review; the certification and signature of the reviewer; the purpose of the review; the qualifying conditions; information which defines the various neighborhoods, towns, or property groups which will be considered during the review process; a summary of market and income data; analysis, interpretation, and explanation of conclusions drawn from the data; explanation of the processing of the data; and, any maps, plans, charts, or other data which was used to support the review.

~~001.25~~ Telephone interviews are essentially used for the same purpose as questionnaires but are accomplished by interviewing the owner or knowledgeable third party to the property using the telephone.

~~001.26 Office review is any review that is conducted in the office and requires no field work. Included are record reviews, questionnaires and telephone interviews.~~

~~001.27 Field review is any inspection and review that is conducted outside the office and occurs at or on the location of the property. Included are off site inspections and reviews, on site inspections and reviews, interior inspections, and sometimes listing and measuring.~~

~~001.28 Off site inspection and review, also known as a drive by review is conducted to inspect, review and verify the listing of all of the general property characteristics that are visible without ingressing the property.~~

~~001.29 On site inspection and review covers the same purpose as the off site inspection and review, but includes ingress to the property, a closer inspection and typically requires the permission of the owner and involves an interview.~~

~~001.30 Interior inspection includes all of the detail of the on site inspection and review but adds the process of entering the buildings to inspect the interior details and condition of the interior components.~~

~~001.31 Measuring is an on site data gathering process that involves the act of taking the actual measurement of the perimeter of all buildings on a parcel. This may be done in addition to either an on site inspection or an interior inspection. It adds the element of gathering or confirming the dimensional details of the buildings on a parcel to either of the mentioned review processes.~~

~~001.32 Listing is an on site data gathering process that involves any technique necessary to gather all of the specific data necessary for the appraisal of each individual parcel. This process may incorporate the interior inspection process or the measuring process, but may also be a verification of the captive data presently in the record file.~~

~~001.33 Inspect means to look at carefully or to examine critically.~~

~~001.34 Inspection is the active process of inspecting or looking at, or examining critically. For the purpose of this regulation, it shall mean that the property is actually viewed by the person inspecting the property.~~

~~001.34A Exceptions may be made if there are other technological tools that will provide superior information using a comparative method of discovering changes to the property. Examples may be:~~

~~001.34A(1) Current aerial photos depicting land use of each agricultural parcel;~~

~~001.34A(2) Current land use maps maintained by the FSA that are certified by the owner or operator of each agricultural parcel; and~~

~~001.34A(3) Current (less than 2 years old), high resolution aerial photos of buildings on agricultural parcels, taken to discover changes by comparing them to prior similarly taken photos.~~

~~001.34B In each case, the county assessor must be able to make a side by side comparison to a photo or map section of the same parcel taken at an earlier time. This process may be used to discover changes if the assessor determines that this is the most efficient process to do so. Any changes to farm buildings that are discovered in this manner must be inspected on site as a follow up of the discovery process. Residential improvements on agricultural parcels must be inspected in the same manner as residential improvements on residential or recreational parcels.~~

~~001.34C The inspection process shall take place within view of the property being inspected. The inspector shall conduct an off site, an on site or an interior inspection. The degree of the inspection shall be generally determined first by the assessor and described in the plan of assessment, and second by the findings of the inspector during the course of the inspection. The assessor shall annually determine the classes or subclasses to be inspected, and the minimum method of inspection and the inspector shall determine if more~~

~~intensive inspection is necessary to gather the required improvement information based on observations made at the location of the parcel.~~

~~001.34D Systematic inspection and review is the orderly, methodical and planned process of inspecting and reviewing all parcels within a defined classification structure. The process shall include all classes and subclasses of taxable real property in the county and shall be conducted in such a way that orderly progress is made each year of the inspection and review cycle, so that the process is evenly distributed throughout the defined cycle.~~

~~(Neb. Rev. Stat. Sections 77-112, R.R.S. 2003 and Neb. Rev. Stat. Sections 77-702, 77-1301.01 and 77-1311-03, R.S. Supp., 2007.)~~

Neb. Rev. Stat. §§77-112, 77-702, 77-1301.01, 77-1311, 77-1311.03, 77-1327, 77-1501, and 77-5027.

REG-50-002 THE APPRAISAL PROCESS

002.01 The appraisal process shall must contain, ~~but not be limited to,~~ the following steps: definition of the project; preliminary survey and planning; data collection; data analysis; application of the data; and final value estimates.

~~002.01~~ 002.02-Definition of the problem: The county assessor shall must conduct an annual review of the quality of appraisal within the county; through the use of assessment/sales ratios, coefficients of dispersion, price related differentials, confidence intervals, ~~as well as~~ and on-going cost analysis, income analysis, and market analyses, ~~conduct and document an annual review of the quality of the appraisal of all classes and subclasses of land and improvements within their jurisdiction.~~

~~002.012A~~ As a result of this study After completing the appraisal quality review, the county assessor shall must determine the appraisal needs of the county for the following year and ~~so~~ inform the county board and the ~~Department~~ Division of Revenue, Property Assessment Division, using the by developing a Three (3) Year Plan of Assessment.

002.012B ~~Additionally, the~~ The county assessor shall must design, document, and initiate a process whereby each parcel of real property is inspected and reviewed within a to systematically inspect and review each parcel of real property at least once every six (6) years 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 eClasses and subclasses that are not subject to inspection in a given year, shall must 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. to arrive at assessments that reflect market value.~~

002.01C The ongoing appraisal process described in 002.01A and the systematic inspection and review process described in 002.01B shall be conducted in such a way as to accomplish both objectives. ~~The ongoing requirement of reappraisal is now joined with the requirement to systematically inspect and review property.~~

002.023 Preliminary Survey and Planning: The county assessor shall must identify and document ~~all of the resources necessary for the completion of~~ the resources necessary to complete the appraisal project; ~~which~~ Planning documents can include the following; but are not limited to: the development of appraisal specifications; obtaining the necessary materials; and hiring, training, or contracting for any personnel necessary to accomplish the needed appraisal. ~~Time requirements, training, and budget requirements must all be defined and scheduled. If contractual arrangements are necessary, the contract must comply with REG 50-004, Requirement for Appraisal Contracts. All appraisal contracts must comply with this Chapter.~~

~~002.03~~ Data Collection and Analysis:

~~002.03A4~~ Data Collection is a process by which data relevant to the appraisal is accumulated Methods of data collection can include items A-F below. the following paragraphs illustrate acceptable methods of data collection:

~~002.03A(1)~~ 04A Interviews, or questionnaires ~~may be used to gather data~~ about replacement cost, age of the property, sale price, circumstances and financing of sold properties, and income or expense data for properties which are rented.

~~002.03A(2)~~ 4B Field visit and inspection of the actual property amenities, ~~shall be the primary method used to obtain, update, and confirm specific data. The inspection process must take place within view of the property being inspected. The degree of the inspection is determined primarily by the county assessor~~

and described in the plan of assessment, or at the discretion of the inspector during the course of the inspection.

002.04C Digital imagery technology. Any changes discovered with these technological tools must be followed up with an on-site inspection. Each digital review must be noted on the property record card and incorporated into the county assessor's six-year inspection and review cycle. As new technology becomes available in the appraisal and assessment field it must be approved by the Property Tax Administrator prior to use in the six-year inspection and review cycle.

002.04D Federal, state, or local government entity data including the Farm Service Agency's current land use maps, the Natural Resources Conservation Service's soil information, Nebraska Department of Natural Resource's well registration information, and local Natural Resource District's water and irrigation information.

~~002.03A(3)4E Existing property record files shall be used only to gather general data. Every property appraised or reviewed shall be visited and specific data gathered shall be accurate, current, and relevant at the date of the appraisal, including appraisal maintenance and pick-up work. The data must be accurate, current, and relevant to the date of the appraisal.~~

~~002.03A(4) Research of public records, utility records, and government publications shall be used only to gather general data.~~

002.04F Any forms filed with the County.

~~002.03B 002.05 Data Analysis is a process which organizes, develops, and displays the data in such a manner that the three (3) approaches to value are supported, illustrated and defended. This analysis shall be done in such a manner that it may be presented in a narrative report explaining the details of the appraisal project. must be included in the valuation methodology to show how the county assessor arrived at value.~~

~~002.03B(1) The analysis of the sales comparison approach shall include, but is not limited to: the development and substantiation of market based values expressed in appropriate units of comparison; the development and substantiation of any market adjustments to be used; the development and substantiation of gross rent multipliers which are extracted from and used for market comparison purposes; and development and substantiation of benchmark properties for comparison purposes, if insufficient numbers of direct sales occurred.~~

~~002.03B(2) The analysis of the cost approach shall include, but not be limited to: the proper use of the prescribed cost manuals; the application of proper update factors, examination of and comparison to available historical costs; and the development and substantiation of the various forms of depreciation which can be shown to exist through a study of the local market.~~

~~002.03B(3) The analysis of the income approach shall include, but is not limited to: development and substantiation of the levels of economic rent, vacancy and collection losses, and typical expenses; and any discount, tax or recapture rate to be used in an income approach to value.~~

002.05A To analyze a property's uses and restrictions, the analysis must consider the full description of the physical characteristics of the property and the property rights being valued. Actual value may be determined using professionally accepted mass appraisal methods, including the (1) sales comparison approach, (2) income approach, and (3) cost approach.

002.05B The ultimate selection of a predominant approach for use in a mass appraisal should be discussed and defended in the valuation methodology and any deviations from the predominant narrative conclusions should be noted and briefly discussed on an individual basis.

~~002.04 002.06~~ Application of the data: ~~This process shall must include a processing phase, a review phase, and preliminary valuation starting value phases for each parcel approved.~~ The processing phase consists of displaying all of the relevant data in an organized fashion for each individual parcel on appropriate worksheets and record files. The review phase consists of examining each parcel and the data relevant to that parcel, ~~either in the office or at the site of the property,~~ to prepare to make an estimate of value. The ~~preliminary valuation starting value~~ is prepared for each individual parcel, ~~using all of the applicable approaches to value, and calculated on the worksheets.~~

~~002.04A 002.06A~~ Land Valuation: Land shall must be valued as though vacant and available for development to develop to its highest and best use. ~~The~~ Land valuation shall must be conducted in the manner described in the sales comparison (market) approach. When insufficient market data is available, an income approach such as a land residual technique can be used. ~~shall be conducted to supplement the data supporting value conclusions.~~

~~002.04B 002.06B~~ The application of the sales comparison approach shall includes, ~~but is not limited to,~~ the comparison and valuation on a unit basis ~~of comparison of the properties which to properties that~~ have not sold but are otherwise physically, functionally, and economically similar. Any necessary adjustments to that base value must be made for dissimilarities. ~~It shall include an on-site review to assure that all variables and adjustments have been properly considered and that equalization among similar properties has been accomplished within the direct sales comparison approach.~~ The final step is the calculation of a value indicated by the application of the direct sales comparison approach.

~~002.04C 002.06C~~ The application of the cost approach shall includes, ~~but is not limited to,~~ the development of a replacement cost new utilizing using the prescribed manuals, ~~and the mathematical application of applying~~ all applicable forms of depreciation developed in the data analysis portion of the appraisal. ~~It shall include an on-site review to assure that all variables have been properly considered and that equalization with similar properties has been accomplished within the cost approach.~~ The final step is the calculation of a value indicated by the application of the cost approach.

~~002.04D 002.06D~~ The application of the income approach shall includes, ~~but is not limited to,~~ ~~making a comparison of properties comparing all~~ or portions of properties with known rental levels, expenses, and lease terms, to properties which are physically, functionally, and economically similar but are not presently rented or at economic rent. An estimate of economic rent is made, using appropriate rates, multipliers, and adjustments, ~~which were developed in the data analysis portion of the appraisal.~~ ~~It shall include an on-site review to assure that all variables and adjustments have been properly considered and that equalization with similar properties has been accomplished within the income approach.~~ The final step is the calculation of a value indicated by the application of the income approach.

002.06E Whether applying the sales comparison, cost, or income approach, an inspection of the property must be completed to assure that all variables and adjustments have been property considered and that equalization with similar properties has been accomplished by using the chosen approach. The final step is the calculation of the value indicated by the application of the chosen approach.

~~002.05 002.07~~ In ~~correlation and reconciliation of correlating and reconciling the final values,~~ the county assessor or appraiser shall must examine the preliminary value ~~made in each of three (3) approaches to value,~~ for every individual parcel, and ~~shall~~ select the most logical, best supported, and most defensible indication of value based upon the following:

~~002.05A 002.07A~~ The amount and reliability of the data collected in each approach to value-;

~~002.05B 002.07B~~ The inherent strengths and weaknesses of each approach to value-; and

~~002.05C 002.07C~~ The relevancy of each approach to the appraisal ~~subject of the appraisal.~~

~~002.05D The ultimate selection of a predominant approach for use in a mass appraisal should be discussed and defended in the narrative appraisal report and any deviations from the predominant narrative conclusions should be noted and briefly discussed on an individual basis.~~

~~002.06 002.08 Final Value Estimate: The county assessor or appraiser shall must calculate and present a final value estimate at the end of the correlation and reconciliation process. The final value estimate indicates land value, improvement value, a leasehold value if applicable, and the total value. When making the final value estimate, care must be taken to assure that all of the criteria required in Neb. Rev. Stat. Section 77-112 have been considered and that the appraised value has been equalized when compared to similar properties.~~

~~002.07 The narrative appraisal report: The assessor or appraiser shall prepare a narrative appraisal report as a part of the appraisal process. This report shall include but not be limited to the information contained in REG 50-001. The property record card shall be part of the summary report for the individual property.~~

002.09 Informal hearing process. Between January 15 and March 1 counties with a population of at least 150,000 inhabitants, must conduct informal hearings to solicit any undiscovered data relevant to the valuation of the individual property being appraised or to the appraisal in general. To facilitate the informal hearing process a county assessor may choose to employ a referee or referees to act on behalf of the county assessor and/or appraiser.

002.09A The county assessor must send a notice of the estimate of final value or post to the county assessor website the estimate of final value notifying the owner or lessee who is responsible for paying property taxes.

002.09B The county assessor or appraiser must analyze the impact of any recommended adjustments resulting from informal hearings and extend the adjustments to similar properties to ensure equalization. A supplemental valuation methodology amending the original valuation methodology must be added to the report. The supplemental valuation methodology must describe the changes made as a result of the hearings and further describe general changes made to maintain equalization.

002.09C For counties with less than 150,000 inhabitants, the county assessor may conduct informational hearings to solicit any undiscovered data relevant to the valuation of the individual property being appraised or to the appraisal in general.

~~002.08 002.10 The appraisal process set forth in REG 50-002 and the assessment requirements set forth in REG 50-003 must be adhered to regardless of the source of the appraisal. The county assessor is responsible for the implementation of implementing these regulations regardless of the source of the appraisal service, whether the appraiser is the county assessor, a member of the county assessor's staff, a contracted or shared employee, or an independent contractor; the requirement is the same.~~

Neb. Rev. Stat. §§ 77-202.11, 77-702, 77-1301.01, 77-1311, and 77-1311.03. (Neb. Rev. Stat. Sections 77-702, 77-1301.01, 77-1311 and 77-1311.03, R.S. Supp., 2007.)

## REG 50-003 APPRAISAL REQUIREMENTS

~~003.01 Each county shall regularly conduct appraisals of all or defined parts of the taxable real property within the jurisdiction of the county for the purpose of achieving uniform and proportionate valuations and assuring that the property record data accurately reflects the property. On or before March 19 of each year, each county assessor shall conduct a systematic inspection and review by class or subclass of a portion of the taxable real property parcels in the county for the purpose of achieving uniform and proportionate valuations and assuring that the real property record data accurately reflects the property. The county assessor shall adjust the value of all other taxable real property parcels by class or subclass in the county so that the value of all real property is uniform and proportionate. The county assessor shall determine the portion to be inspected and reviewed each year to assure that all parcels of real property in the county have been inspected and reviewed no less frequently than every six years.~~

~~003.02 Appraisal specifications shall be prepared by the assessor prior to the beginning of each assessment cycle. The specifications shall state the scope of the proposed appraisal project, the assessment sales ratio, price related differential, coefficient of dispersion and any other useful statistical measures to report the condition of the existing appraisal of each property type or types to be appraised. The specifications shall set forth a range of acceptable statistics to be reported at the completion of the appraisal project. The specifications shall be prepared in such a manner to describe the appraisal requirements in terms of the appraisal process set forth in this regulation. The specifications shall be presented to any potential appraisal contractor prior to bidding on an appraisal contract.~~

~~003.03 A narrative appraisal report shall be required for any project involving mass appraisal, appraisal update, or appraisal maintenance as required by any county. The report shall meet the qualifications set out in REG-50-001.20 and shall document that every effort has been made by the assessor to accomplish equalization.~~

~~003.04 It shall be the responsibility of the assessor to inform the Department of Revenue, Property Assessment Division of any intention by the county to appraise real property. A copy of the appraisal specifications, as well as an outline of the proposed project, shall be provided to the Department of Revenue, Property Assessment Division in the Three (3) Year Plan of Assessment.~~

~~003.05 Appraisal of real property in any county shall be in compliance with law and regulations of the Tax Commissioner and reflect the following:~~

~~003.05A A complete and thorough on site inspection shall be made of each parcel and all improvements descriptive information shall be recorded in a property record file.~~

~~003.05B All land and improvements subject to the appraisal shall be valued at actual value.~~

~~003.05C No appraisal shall rely in any manner on the value established for a previous tax year.~~

~~003.05D A fixed percentage or weighting of the three (3) standard approaches to value shall not be used to establish actual value.~~

~~003.05E The actual value determined by the appraisal shall be as of the date of assessment as required by law.~~

~~003.05F The assessor shall have the skill or shall employ the staff who have the skill, or shall contract with an appraiser, consultant or appraisal firm having the skill to understand and fully implement all provisions of the appraisal regulation and subsequent directives.~~

~~003.05G Rural improvements shall be valued in the same manner as urban improvements. They shall be identified and valuation methods shall be discussed in the narrative appraisal report~~

~~003.05H Improvements on leased land are real property and shall be appraised using the same methods as like improvements on other real property.~~

~~003.05I A property record file shall be made for each parcel pursuant to REG 10-004.~~

~~003.06 An appraisal update of real property in any county shall be in compliance with the law and regulations of the Tax Commissioner and reflect the following:~~

~~003.06A All land and improvements under appraisal update shall be valued at actual value.~~

~~003.06B A fixed percentage of weighting of the three (3) standard approaches to value shall not be used to establish actual value.~~

~~003.06C The actual value determined by the update shall be as of the date of assessment as required by law.~~

~~003.06D An update shall not be used to arrive at actual value if the general or specific data derived from the last appraisal of a defined class or subclass of property is outdated, contains inaccurate data of any kind, or is based on incorrect appraisal techniques. In such case, an appraisal of the defined class or subclass shall be undertaken to arrive at actual value, rather than an update.~~

~~003.07 Valuations resulting from an appraisal maintenance project, also known as pick up work, shall be equalized with comparable properties pursuant to the appraisal or appraisal update last performed in the county.~~

~~003.08 Informal Hearings. The assessor or appraiser may prior to March 19 of the year the appraisal is implemented, conduct informal hearings to solicit from the property owner or lessee that is responsible for paying the property taxes pursuant to Neb. Rev. Stat. Section 77-202.11, any undiscovered data which is relevant to the valuation of the individual property being appraised or to the appraisal in general. To facilitate the informal hearing process, an assessor may choose to employ a referee or referees to act in behalf of the assessor and/or appraiser in fulfilling the requirements of this regulation.~~

~~003.08A If informal hearings are utilized, the property owner or lessee that is responsible for paying the property taxes pursuant to Neb. Rev. Stat. Section 77-202.11 shall be sent a notice reporting the estimate of final value.~~

~~003.08B The assessor or appraiser shall hear the informal valuation protests, collect additional data provided and defend or adjust or recommend adjustments to the proposed valuations.~~

~~003.08C The assessor or appraiser shall analyze the impact of any adjustments that are recommended as a result of the informal hearings and extend the adjustments to similar properties throughout the jurisdiction of the appraisal to assure that equalization is attained. A supplemental narrative report amending the original narrative appraisal report for the project shall be prepared and added to the report. The supplemental report (a restricted report) shall describe the changes made due to the hearings and further describe general changes made to assure that equalization was maintained.~~

~~003.09 The assessor shall be available to the county board of equalization to defend the appraisal and assist the board in the orderly conduct of the formal hearings.~~

~~003.10 The appraiser shall be available to the county board of equalization, at their request, to defend the appraisal and provide clarification and expert advice.~~

~~Neb. Rev. Stat. §§ 77-702, 77-1301.01, and 77-1311.03. (Neb. Rev. Stat. Sections 77-202.11, 77-702, 77-1301.01 and 77-1311.03, R.S. Supp., 2007.)~~

## REG-50-004-003 REQUIREMENTS FOR APPRAISAL CONTRACTS

~~004.003.01 Preference shall be given to individuals or appraisal firms with personnel having the knowledge, experience and ability to competently complete appraisals for ad valorem tax purposes when awarding any appraisal contract. Appraisal contracts entered into between counties and appraisal firms must meet certain standards. Those standards are set forth in this section.~~

003.01A Appraisal specifications are required prior to undertaking or contracting for an appraisal or appraisal update project of all real property, by an entire class or subclass, in any county.

003.01B An appraisal contract must be awarded to an appraisal firm that has knowledge and experience in ad valorem appraisals.

003.01C All proposals by appraisal firms for appraisal contracts must be submitted in writing and approved by the county board. Once the county board has approved, the signed appraisal contract must be forwarded to the Tax Commissioner for approval. No appraisal contract is valid unless approved in writing by the Tax Commissioner. A copy of the final appraisal specifications and signed appraisal contract shall be on file with the Tax Commissioner.

~~004.02 An appraisal firm desiring to contract for appraisal services with any county in this state shall meet the qualifications required by this regulation.~~

~~004.03 All proposals by appraisal firms for appraisal contracts shall be submitted in writing to the county board. If the appraisal firm will be providing services that are alternative in nature to the county's specifications, the firm shall specifically state to which terms they are providing alternative services.~~

004.04 003.01D The appraisal firm ~~shall~~ must be an equal opportunity employer.

004.05 003.01E The appraisal firm, or its duly authorized representative, ~~shall~~ must certify in writing to the county board that they have read, ~~and~~ understood, and are able and willing to comply with all ~~of the Nebraska regulatory requirements prior to submitting any bid proposal to the county board of the appraisal regulations prior to submitting any bid proposal for any appraisal.~~

004.06 003.01F The appraisal firm ~~shall~~ must include the resumes of the employee or employees supervising the project. The proposal ~~shall~~ must show and the resume confirm that:

~~004.06A 003.01F(1)~~ The full time and exclusive control of the project ~~shall be~~ is under the jurisdiction of a supervisor who ~~shall have~~ has not less than five years of practical appraisal experience involving extensive appraisals of the types of property to be appraised. The supervisor ~~shall also~~ must be a member in good standing of a recognized professional appraisal organization which requires educational standards, passage of a comprehensive examination, and a demonstration of ability to perform an appraisal as qualifications for membership, or, in lieu of these designations, comparable education and practical appraisal experience to enable him or her to perform at that level of competence.

~~004.06B All work involving the exercise of appraisal judgement shall be performed by appraisers who are experienced in the particular type of appraisal being conducted.~~

~~004.07 All appraisal contracts, either for an appraisal or an appraisal update, shall be submitted to the Tax Commissioner for approval. Until approved, the contract is not binding on either party. A copy of the final appraisal specifications and signed appraisal contract shall be on file with the Tax Commissioner.~~

003.01G The appraisal firm will defend the resulting changes that affected values if a protest is filed with the county board of equalization or appeals are filed with the Tax Equalization and Review Commission.

003.01H The appraisal firm will supply as many copies of the appraiser report to the county as agreed upon, which, together with all appraisal files, records, maps, or other data used in the appraisal becomes and remains the property of the county.

~~004.08 The contract shall contain:~~

~~004.08A A provision requiring proof of bondability of the appraiser or appraisal firm. The county board may require a performance bond in favor of the county in an amount determined by the county board. The performance bond shall be approved by the county attorney.~~

003.02 The content of an appraisal contract must contain the following provisions:

~~004.08B 003.02A A provision specifying a A completion date. This date shall ~~not~~ must not be more than ~~twenty four (24)~~ months after the date of execution of the contract. ~~A provision shall be included for liquidated damages for each day of noncompletion at a rate to be determined by the contracting parties and shall be incorporated as part of the contract.~~~~

~~004.08C 003.02B A provision whereby the appraisal firm Assumption of liability. The appraisal firm assumes liability connected with performance of its contract. The amount of the general liability insurance shall be set by the county with minimum amounts of must be at least fifty thousand (\$50,000.00) dollars for each person, ~~one hundred thousand (\$100,000.00) dollars~~ each accident for bodily injury, and ~~twenty five thousand (\$25,000.00) dollars~~ each property damage accident.~~

~~003.02C The insurer shall be identified. Identification of the insurer.~~

~~004.08D 003.02D A provision whereby the appraisal firm agrees An agreement to comply with all state and federal statutes and regulations related to taxation, workmen's compensation insurance, and unemployment insurance.~~

~~004.08E 003.02E A provision whereby the appraisal firm shall A statement that the appraiser will not be liable for damages by reason of strike, explosion, war, fire, act of God, or any act or failure to act by officials of the county or state officials which might delay or stop progress of the work. Provisions shall must be made for the renegotiation of the completion date on the happening of any of the above contingencies.~~

~~004.08F 003.02F A provision whereby the appraisal firm shall A statement that the appraisal firm will not assign or transfer its contract nor any interest therein without first obtaining written approval from the county and the Tax Commissioner.~~

~~004.08G 003.02G A provision whereby ~~no~~ A statement that no change in the contract will be permitted except by written agreement of the appraisal firm, the county, and the Tax ~~e~~ Commissioner.~~

~~004.08H A provision whereby the contracting parties determines who shall furnish office space and furniture.~~

~~004.08I 003.02H A provision whereby it is specifically identified that all A statement that all manuals and guides prescribed by the Tax Commissioner shall must be followed by the appraisal firm.~~

~~004.08J 003.02I A provision whereby the appraisal firm shall A statement that the appraisal firm will be required to issue proposed valuation appraisal changes and be available to hold informal meetings with property owners or lessees that are responsible for paying the property taxes on parcels with the proposed appraisal changes. pursuant to Neb. Rev. Stat. Section 77-202.11, regarding the proposed valuations.~~

003.03 The content of an appraisal contract may contain the following provisions:

003.03A Performance bond. The county board may require a performance bond in favor of the county in an amount determined by the county board. If submitted, the performance bond must be approved by the county attorney.

003.03B Liquidated damages. The county board may require liquidated damages for each day of noncompletion at a rate to be determined by the contracting parties and may be incorporated as part of the contract.

~~004.08K A provision whereby the responsibility of issuing the formal notice of valuation change for an appraisal or update shall be defined.~~

~~004.09 Appraisal specifications shall be required prior to undertaking or contracting for an appraisal or appraisal update project of all real property, by an entire class or subclass, in any county.~~

~~004.10 The appraisal firm shall defend its resulting values if protests are filed with the county board of equalization or appeals are filed with the Tax Equalization and Review Commission pursuant to Neb. Rev. Stat., Section 77-5013.~~

~~004.11 The appraisal firm shall supply as many copies of the narrative appraisal report to the county as may be agreed upon, which, together with all appraisal files, records, maps, or other data used in the appraisal shall must be and remain the property of the county.~~

~~Neb. Rev. Stat. §§ 77-202.11, 77-702, 77-1301.01, 77-1311, 77-1311.03, 77-1502, 77-1502.01, 77-1504, 77-1504.01, and 77-5013. (Neb. Rev. Stat. Section, 77-1502.01, R.R.S. 2003, Neb. Rev. Stat. Sections 77-1502, 77-1504.01 and 77-5013, R.S. Supp., 2006 and Neb. Rev. Stat. Sections 77-202.11, 77-702, 77-1301.01, 77-1311, 77-1311.03 and 77-1504, R.S. Supp., 2007.)~~