

NEBRASKA ADMINISTRATIVE CODE

**Title 350 – Nebraska Department of Revenue, Property Assessment Division
Chapter 12 – State Sales File Regulations
Effective Date– 07.05.2017**

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REG-12-001 PURPOSE

001.01 The purpose of these regulations is to define terms and establish procedures for the state sales file. The state sales file is a database of sales of real property in the State of Nebraska developed by the Property Tax Administrator in compliance with professionally accepted mass appraisal methodology pursuant to Neb. Rev. Stat. § 77-1327.

001.02 Pursuant to Neb. Rev. Stat. § 77-1327(1), “it is the intent of the Legislature that accurate and comprehensive information be developed by the Property Tax Administrator and made accessible to the taxing officials and property owners in order to ensure the uniformity and proportionality of the assessments of real property valuations in the state in accordance with law...” Subsection (2) of § 77-1327 provides that all transactions of real property for which a real estate transfer statement is required will be available for the development of a state sales file by the Property Tax Administrator. All transactions with a stated consideration of more than \$100, or when more than \$2.25 in documentary stamp taxes are paid, will be considered sales. All sales will be considered arm’s-length transactions unless determined not to be, using professionally-accepted mass appraisal techniques.

001.03 Neb. Rev. Stat. § 77-1327(3) requires the Property Tax Administrator to develop comprehensive ratio studies from the state sales file. The assessment/sales ratio studies are used by the Property Tax Administrator to assist the Tax Equalization and Review Commission in measuring the level of value and quality of assessment for statewide equalization purposes, and to assist in establishing local system or school district adjusted valuations under Neb. Rev. Stat. § 79-1016. The assessment/sales ratio studies may also be used by county assessors and county boards of equalization for determining assessment actions in the county. To comply with statutory requirements, a state sales file database has been built, consisting of a complete record of all reported real property sales for a stated time frame. The Property Tax Administrator provides the county assessors with access to the state sales file for purposes of viewing sale rosters, assessment/sales ratio study reports, and finding comparable sales for hard-to-assess properties. Upon request, the Property Tax Administrator will make the state sales file database available to any party for use in the appraisal, assessment or equalization of property.

Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1377, 77-5027, 79-1016, and 84-712 through 84-712.09.

REG-12-002 DEFINITIONS

002.01 Actual value means the market value of real property in the ordinary course of trade. 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. 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.

002.02 Agricultural or horticultural sale means a sale of real property with a property parcel type code of 5, as listed on the property record card. See, Title 350 Neb. Admin. Code, Chapter 10.

002.03 Arm's-length transaction means a sale between two or more parties, each seeking to maximize their positions from the transaction.

002.04 Assessment means listing the description of all real property, determining whether it is exempt, determining its taxable value, and placing it on the assessment roll pursuant to Neb. Rev. Stat. § 77-126.

002.05 Assessment/sales ratio means the ratio calculated by dividing the assessed value of the parcel of real property by the selling price of that parcel. Studies utilizing the assessment/sales ratio are collectively called assessment/sales ratio studies.

002.06 Class or subclass of real property means a collection of properties that share one or more common characteristics that affect value, and that are typically not found in other properties outside the class or subclass. The characteristics that will determine a class or subclass include, but are not limited to: improvement status; parcel type; zoning; location; city size; parcel size; geographic characteristics; or market characteristics that are appropriate for the valuation of a class or subclass of real property pursuant to Neb. Rev. Stat. § 77-103.01.

002.06A For agricultural or horticultural land, class or subclass includes, but is not limited to: irrigated cropland; dry cropland; grassland; wasteland; nurseries; feedlots; and orchards.

002.06B Geographic characteristics are the physical characteristics of the earth, land, region, or site that may have an effect on value.

002.06C Market characteristics are the social and economic factors in the market that affect the value of real property.

002.07 Commercial sale means a sale of real property with a property parcel type code of 2, 3, or 4, as listed on the property record card. See, Title 350 Neb. Admin. Code, Chapter 10.

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

002.09 Full actual consideration means the price paid or to be paid for the real property sold, whether paid in money or by any other thing of value, including, but not limited to: liens or mortgages assumed, or to be assumed; satisfaction of debt; and other property transferred or to be transferred as part of the selling price. Full actual consideration will be a reasonable approximation of the current market value of the real property. If significantly less than a reasonable approximation of current market value, the consideration will be treated as nominal. The amount of consideration and whether there is full actual consideration is to be determined as of the date stated on the deed.

002.10 Level of value means the best estimate of the relationship of assessed value to actual value for a group of properties based upon an analysis of all information available to the Property Tax Administrator including, but not limited to, the assessment/sales ratio and the assessment practices study for each county for the various classes of real property.

002.11 Non-qualified sale means a sale which has been identified through the sales verification process as a non-arm's-length transaction, or sales where the assessed value is affected by substantial change to the property since the sale.

002.12 Professionally-accepted mass appraisal techniques include standards recognized in the appraisal industry contained in publications of the International Association of Assessing Officers (IAAO) and Standard 6 of the Uniform Standards of Professional Appraisal Practice (USPAP). The publications referred to are available to the public for viewing during normal business hours, and are maintained at the Property Assessment Division's office in Lincoln, Nebraska. Additionally, practices or techniques may be developed from sources outside of IAAO or USPAP if these practices or techniques can be demonstrated as reliable, can be tested, and are not in conflict with existing professionally-accepted mass appraisal techniques or applicable statutory or regulatory provisions.

002.13 Property Tax Administrator will be abbreviated to PTA throughout this regulation.

002.14 Qualified sale means a sale which is an arm's-length transaction included in the sales file as determined by the county assessor or verification process of the Property Assessment Division.

002.15 Residential sale means a sale of real property with a property parcel type code of 1, 6, or 7, as listed on the property record card. See, Title 350 Neb. Admin. Code, Chapter 10.

002.16 Sale means the transfer of property or an interest in property, in exchange for consideration of more than \$100, or upon which more than \$2.25 in documentary stamp taxes are paid. For the purposes of this definition, consideration means money or its equivalent.

002.17 Sales roster means a listing of all sales that are in the state sales file for a specific time period.

002.18 Sales verification means the process of collecting, confirming, screening and documenting any non-qualification or an adjustment made to a sale relying on professional verification standards. See, Assessment Process Regulations, Chapter 50.

002.19 Transfer means the conveyance of title or any interest in real property by a deed which requires filing a Real Estate Transfer Statement, Form 521 with the register of deeds.

002.20 Valuation means the act or process of estimating actual value of real property, pursuant to Title 350 Neb. Admin. Code, Chapter 50.

002.21 Valuation grouping means a grouping of parcels with similar characteristics that affect market value.

Neb. Rev. Stat. §§ 77-103.01, 77-112, 77-117, 77-126, 77-702, 77-705, 77-1327, and 79-1016.

REG-12-003 PROCEDURES

003.01 Whenever there is conveyance of title or any interest in real property by a deed that must be recorded with the register of deeds, a Real Estate Transfer Statement, Form 521 must be filed. The register of deeds will process the Form 521 according to the instructions of the PTA as set forth in Title 350, Neb. Admin. Code, Chapter 52 and will immediately forward the Form 521 to the county assessor.

003.02 Once the county assessor receives the Form 521 from the register of deeds, the property record file will be updated to reflect new ownership, transfer information, and changes to any other information contained within the property record file.

003.03 The county assessor will forward the completed Form 521 to the Division within 45 days after the deed was recorded.

003.04 The county assessor will electronically transfer the sale and property characteristic information to the Division by means of electronic data files or direct entry of information into the state sales file. The transfer must occur within 45 days following the date the deed was recorded with the register of deeds.

003.04A Any electronic transfer of data files containing sale and property characteristic information must follow the format prescribed by the Division.

003.04A(1) The formatting requirements include the order, structure, file type, and naming convention of every field and file name.

003.04A(2) Specific formatting requirements are available at the Division upon request.

003.04A(3) It is the responsibility of the county assessor to ensure that the specific data format is implemented by any Computer Assisted Mass Appraisal (CAMA) vendor that is used by the county.

003.04B Information about the sale of property must contain data from the Form 521 including the:

003.04B(1) County number alphabetically assigned;

003.04B(2) Date of sale recorded on the Form 521 unless information obtained suggests possessory interest passed on a different date;

003.04B(3) Date the deed was recorded;

003.04B(4) Grantor's and grantee's name, street address, city, state, zip code, and telephone number if available;

003.04B(5) Type of deed;

003.04B(6) Like-kind exchange purchase under section 1031 of the Internal Revenue Code;

003.04B(7) Address of property;

003.04B(8) Legal description of property;

003.04B(9) Total purchase price including any liabilities assumed;

003.04B(10) Non-real property amount included in purchase;

003.04B(11) Adjusted purchase price for real estate;

003.04B(12) Documentary stamp tax amount or exemption code number, if exempt; and

003.04B(13) Recording data, including date, book, and page number.

003.04C Information about the property that sold and its characteristics must include the:

003.04C(1) Assessor location;

003.04C(2) Assessed value of land, improvements, and total assessed value on date of sale;

003.04C(3) County assessor comments;

003.04C(4) County assessor adjustment to sale price;

003.04C(5) Location identification, also referred to as parcel identification;

003.04C(6) Local system or school district code as prescribed by the Division;

003.04C(7) Parcel number(s), geocode, township, range, section, quarter, subdivision, area, and block;

003.04C(8) Property classification code, including property type, zoning, location, city, status, and parcel size;

003.04C(9) Sale usability code determination of the county assessor; and

003.04C(10) Date of last inspection recorded on the property record card.

003.04D Sales of agricultural or horticultural land must include the:

003.04D(1) Agricultural land capability grouping total acres;

003.04D(2) Assessed value and acres of non-agricultural land and improvements including but not limited to home site, farm site,

003.04D(3) Assessed value for dwellings and outbuildings;

003.04D(4) Other agricultural land acres such as shelterbelt, accretion, waste, roads, and other;

003.04D(5) Non-agricultural land other acres and value not included in any other category;

003.04D(6) Total agricultural land acres and value;

003.04D(7) Total non-agricultural land in acres and value;

003.04D(8) Total recreation in acres and value; and

003.04D(9) Total wetland in acres and value.

003.04E Sales of residential parcels must include the:

003.04E(1) Number of improvements;

003.04E(2) Quality of construction, and the condition of the property;

003.04E(3) Square footage of primary structure; and

003.04E(4) Year built, building cost new, and style of residence (single family, townhouse, or duplex).

003.04F Sales of commercial parcels must include the:

003.04F(1) Square footage of primary structure, condition of property, construction class type, date of construction, building cost new, and cost rank of construction quality;

003.04F(2) Occupancy code(s); and

003.04F(3) Number of improvements.

003.04G When the need arises to update or change the data that is collected for the sales file the PTA may issue a Directive.

003.05 Upon electronic receipt of the sale and property characteristic data, the Division will import the data into the state sales file. The Division will ensure complete filings by periodically comparing the Forms 521 received from the county to those included in the state sales file.

003.06 The county assessor will maintain current characteristic information on all sales in the state sales file and update any changes as they are discovered.

003.07 The Division may include additional codes or narrative comments to individual sales to aid in identification or analysis, such as valuation grouping codes, or comments to identify unique properties.

003.08 The county assessor may request a deviation from specific requirement of the electronic submission of sales information. The request must be in writing to the PTA, state the reasons for the deviation and be filed before a submission is sent. The PTA will grant or deny the request for deviation in writing stating the reasons for the action.

Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1371, 77-1377, 77-5027, and 79-1016.

REG-12-004 SALE QUALIFICATION PROCEDURES

004.01 All sales are considered qualified sales unless sufficient information is available to prove otherwise. Non-qualified sales and adjustments to sales may not be recorded unless the sale has been verified pursuant to professionally-accepted mass appraisal techniques and determined to be non-qualified or necessary to adjust. Sufficient and compelling information must accompany the qualification code in the state sales file.

004.02 Sale prices may be adjusted to reflect the full actual consideration paid for real property only after the sale has been verified pursuant to professionally accepted mass appraisal techniques and information suggests an adjustment is necessary;

004.03 The following usability codes must be used by the county to classify sales as qualified or non-qualified in the state sales file.

004.03A Usability code (1) means the sale is considered an arm's-length transaction between two or more parties, both of whom sought to maximize their position from the sale. These sales are qualified for use in the assessment/sales ratio study.

004.03B Usability code (2) means the sale is an arm's-length transaction in which sale price adjustments are necessary to reflect the actual value paid for the real property. The reason for the adjustment must be noted in the county assessor comments section of the sales file. These sales, as adjusted, are qualified for use in the assessment/sales ratio study. Caution should be exercised to ensure the amount adjusted for personal property reflects its value contribution to the sale.

004.03C Usability code (3) means an arm's-length transaction of property that has substantially changed physically, legally, or economically after the sale. This change substantially affects the market value of the parcel, so the parcel as assessed no longer represents the characteristics of the parcel when sold. A description of the change to the parcel must be noted in the county assessor comment section of the state sales file. Sales of substantially changed property will not be used in the assessment/sales ratio study unless an insufficient sample exists and a value can be developed to represent the parcel as it existed when sold.

004.03D Usability code (4) means the sale is not considered an arm's-length transaction. The reason for the sale being considered a non-arm's length transaction and excluded from the assessment/sales ratio study must be noted in the county assessor comment section of the state sales file. These sales are not qualified for use in the assessment/sales ratio study.

004.03E Usability code (5) means the sale is considered an arm's-length transaction but will not be used in the assessment/sales ratio study because the parcel has unique characteristics that make the parcel invalid for comparison to similarly classified parcels.

004.03F Usability codes of blank or zero means the sale will be considered a qualified sale.

004.04 The Division may make a different determination from that of the county assessor regarding the qualification of a sale or an adjustment to the selling price for use in the sales ratio study. If a different determination is made the county assessor will be contacted to discuss the determination prior to issuance of the Report and Opinion.

004.05 The county assessor must provide accurate and up-to-date information in the state sales file on or before December 1.

Neb. Rev. Stat. §§ 77-702, 77-5013, 77-5023, 84-901, 84-913, and 84-914.