

Suggested Practices and Information for Use by County Boards of Equalization (county) in Considering Reports of Destroyed Real Property (Form 425)

June 12, 2019

1. Verify damage is due to a calamity (natural event) and occurred on or after January 1 and before July 1 of current assessment year.
2. Verify that the report was filed on or before July 15 and includes a description of damage and any supporting documents.
3. If damage is due to negligence by the property owner, owner's home contractor, or occupant of leased property, then damage is not due to a calamity (natural event). The county would dismiss and not provide reassessment value.
4. Verify that damage meets one of the three threshold tests for significant property damage as stated in the law.

***** It is a decision based on the information presented by the property owner.**

Significant property damage means –

1. Damage to an improvement exceeding 20% of the improvement's assessed value in the current tax year as determined by the county assessor;
2. Damage to the land exceeding 20% of a parcel's assessed land value in the current tax year as determined by the county assessor; or
3. Damage exceeding 20% of the property's assessed value in the current tax year as determined by the county assessor if:
 - a. The property is located in an area that has been declared a disaster area by the Governor and
 - b. A housing inspector or health inspector has determined the property is uninhabitable or unlivable.

For example. Some parcels will only have damage to improvements, other parcels will only have damage to the land, and yet other parcels may be totally destroyed (land and improvements) and may also be located in an area declared a disaster area by the Governor.

The county must consider whether the damage exceeds 20% of the current assessed value of the building(s) or land or both. The current assessed value as determined by the county assessor means the value as determined by the county assessor in the current year prior to the significant property damage.

5. The county is encouraged to work with the county assessor to determine a reassessment value for any destroyed real property.

6. **Homes, buildings, structures, and enclosures.**

Review supporting documentation provided by the property owner, such as any photographs, reports, damage estimates, repair estimates, insurance documents, or other documents.

If desired, the county may make an on-site inspection of the existence and condition of homes, buildings, structures, and enclosures that have survived a calamity to determine if they contribute any value to the property in their current condition.

As buildings are replaced, if the county does not require a construction permit for the type of improvement being made, the landowner should provide the county assessor with an [Improvement Information Statement](#). [Neb. Rev. Stat. § 77-1318.01](#).

7. **Agricultural and horticultural land.**

This land is recognized as a separate and distinct class of property that is inventoried by subclasses based on soil classification standards developed by the Natural Resources Conservation Service (NRCS) of the U.S. Department of Agriculture as converted into land capability groups by the Property Tax Administrator. Land capability groups shall be Natural Resources Conservation Service specific to the applied use and not all based on a dryland farming criterion.

The county can use any number of classes or subclasses of real property to achieve uniform and proportionate valuations. [Neb. Rev. Stat. § 77-1363](#).

The damage or destruction of agricultural and horticultural land due to flooding may not be fully known until the floodwater has subsided and the surface is exposed. It is important that county recognize that the underlying flooded land may not have the same soil profile as is currently mapped by the NRCS. The county may create a separate subclass of the flooded land for valuation purposes.

Many of the soils located in the areas of flooding are rated for frequency of flooding and ponding duration. The extent of flooding may exceed those ratings for flooding and ponding in these unprotected, low-lying areas in the river basin.

The damage or destruction of land due to wild fires may not be fully known until the spring growing season begins. The carrying capacity of this land may be diminished and the recovery time will be affected by the severity of the fire and availability of water.

To identify the agricultural and horticultural land parcels impacted by such natural disasters and the extent of change or damage to those parcels, the county may need to physically inspect the parcels. Note, however, that the loss of crop and/or livestock as a result of a calamity is not to be considered in making a determination of destroyed real property.

In all instances, the county should work with the landowner and/or farm operator, the local emergency management officer, and the local offices of NRCS and Farm Service Agency to determine the amount and extent of the actual market value change to the land.

8. Agricultural and horticultural land destroyed by a natural calamity is not always to be considered waste.

Agricultural land and horticultural land includes wasteland so long as the wasteland is lying in or adjacent to and in common ownership or management with other agricultural and horticultural land. See, [Neb. Rev. Stat. § 77-1359\(1\)](#).

Example: Parcel A is flooded due to a calamity. The parcels around Parcel A were not significantly destroyed and can still be farmed. The owner of Parcel A does not own or manage the agricultural acres surrounding Parcel A. Since the parcels surrounding Parcel A are not in common ownership or management, Parcel A **cannot be** considered wasteland.

If however, the owner of Parcel A does own or manage the agricultural acres surrounding Parcel A, these parcels are in common ownership or management and Parcel A **can be** considered wasteland.

To ensure that values on significantly destroyed parcels are equalized, the county may need to create an agricultural subclass to extend value to destroyed agricultural parcels.