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## **Appraisal Services for Property Assessment Tax Appeal - 2024**

### **Commercial Property Assessment Appeals**

#### **Introductory Comments**

- This document is a summary of the appeal process and potential integration of appraisal services into the process. Nothing in this document should be considered legal advice and if legal advice is needed, please contact a licensed attorney.
- This document is provided by Kubert Appraisal Group, P.C. and is intended for use by existing and potential clients of Kubert Appraisal Group, P.C. and generally represents our opinions. Any other users of this document should not rely on this information without seeking appropriate professional guidance.
- As reminder: The filing of appeals is the responsibility of the owner and/or representatives, and not the responsibility of Kubert Appraisal Group.
- Our experience is that exceptions are not likely when a filing deadline is missed in the appeal process. This applies to both the local protest in June, as well as the appeal to the Tax Equalization and Review Commission.
- In general, the local Board of Equalization assessment appeal process has experienced a reduced level of review and a less taxpayer friendly process in recent years. In fact, I consider appeals to be far less likely to be resolved at the Board of Equalization level than ever before.
- As a general comment, there are plenty of real estate agents/brokers and private citizens who will offer to represent property owners in the appeal process. I view this as a waste of money for the property owner because these parties providing opinions of value for tax appeal are violating Nebraska Statutes. Further, I have seen such people convicted of Class III misdemeanors associated with providing these services.
- It is also true that a market analysis or a brokers price opinion done for property tax appeal purposes also generally violates Nebraska Statutes. As a result, these opinions of value carry very little weight when appealing property assessments.



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## **Assessment Appeal Process**

Here is a quick overview of the assessment appeal process, along with my comments in italics:

**Local Preliminary Values** posted on-line: About January 15

**Informal Appeals to County:** An informal process in late January into February for informal voluntary discussions with Assessor's office. This step is often represented as a mandatory step in the appeal process but is actually an informal voluntary step in the appeal process.

*This process has allowed some revisions of value prior to final values being submitted in late March to the State for review. Some success related to reductions by class seem to have been considered. However, we have seen limited success at this level for individual property values. This informal meeting seems to more related to the education of taxpayers on the local assessment process and fact gathering by the County. The informal appeals are voluntary and not a part of the formal appeal process. Most of our clients do not participate at this level of the appeal process. There is no need for an expert appraisal opinion at this point in the appeal process.*

**Local Final Values Issued-** June 1 (Protest Period ending June 30) – The filing of local protest is the first required step to the appeal process, so timely filing of the appeal is essential.

**Formal Appeal (Protest)** – Local Board of Equalization – (Typically late June through late July.) This is a hearing with a Referee who is a contractor with the local Board of Equalization who then makes a recommendation to the Board of Equalization.

*In the last few years, this process has seen a significant drop in the review process. Several changes have made it more difficult to have meaningful discussions based on the need to submit all information at the hearing, as well as a reduced level of independent value review by the Referees. These changes have further diminished the likelihood of resolution at this level of appeal. Most of our clients maintain an active protest, but do not participate at this level of the appeal process. There is no need for an expert appraisal opinion at this point in the appeal process. Note: All data submitted during this hearing is considered to be public information which is available by request from the County Clerk's Office.*

**Final Board of Equalization (BOE) Decision** – Early August

**Appeal period for Tax Equalization and Review Commission (TERC)** – 30 days from final local BOE decision. The filing of the appeal to TERC is the second required step to the appeal process, so timely filing of the TERC appeal is essential.



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**TERC Case Progression-** This where the appeal takes a more legally formal format, and the process slows down significantly. We are seeing cases take 6 to 36 months to progress from filing to actual hearing in front of TERC.

*My experience is that appeals that progress to a formal TERC hearing are both expensive and unpredictable. With many of our clients, this is the point in the process where the case can best be resolved. In fact, most cases are resolved prior to the actual TERC Hearing.*

*This is the point in the appeal process that I think qualified appraisal services are best utilized. With other tax appeal clients, I have utilized a multi-step process for best utilizing our appraisal services at this point in the appeal process. Each client approaches this stage of the appeal process slightly different, as some steps can be combined or omitted as needed. A summary of the potential steps is as follows:*

1. **Oral Consultation (Desk Review)** – At this level appraisal services, we gather all the public information, property rent roll, and income/expense data. We complete a desk review to assist the client in the decision process. This review can be completed at any point in the overall appeal process but is likely most relevant after a TERC appeal is filed. The oral consultation cost typically ranges from \$900 to \$3,000+ per property depending on the complexity of the property and analysis needed.
2. **Restricted Appraisal Reports-** At this level of appraisal services, we progress to a written document as an initial step or based on the previous desk review. This level of appraisal services traditionally includes an on-site interior/exterior inspection. A Restricted Appraisal Report provides a summary of the appraisal analysis and data with a value conclusion but does not contain the detail of a traditional full appraisal report. The use of a Restricted Appraisal Report is limited to negotiations for settlement purposes with the County. At this point in the process, the negotiations have historically been with the County Attorney's Office. The restricted appraisal reports are typically priced at 60-75% of a full appraisal report.
3. **Full Appraisal Report** – At this level of appraisal services, we can start here, or we convert the oral consultation and/or restricted appraisal report to a full appraisal report. In all cases the full appraisal report is intended as the basis of testimony at TERC. This report is more self-contained and is more comparable to the full appraisal reports used in litigation and mortgage lending. The full appraisal reports costs range from \$5,000 to \$11,000+ depending on the complexity of the property and analysis needed.
4. **Additional Services** - These billings apply to time spent on the appeal after the delivery of the contracted appraisal reports. These services include, but are not limited to, additional meetings, depositions, testimony, travel, and/or preparation for such services. These services are billed on an hourly rate.



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### **Final Comments**

- We try to adapt the previous list of appraisal services to the needs of each client.
- Appraisal services for each client are based on a written agreement.
- Please let me know if you have questions or comments.