NEBRASKA ADMINISTRATIVE CODE

Title 350 - Nebraska Department of Revenue, Property Assessment Division ~~and Taxation~~

Chapter 23 – Historical Real Property Regulations

Effective Date ~~1/3/07~~

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Title 350 - Nebraska Department of Revenue, Property Assessment Division ~~and Taxation~~
Chapter 23 – Historical Real Property Regulations

REG-23-001 DEFINITIONS

001.01 Base value shall mean the assessed valuation of historically significant real property in the assessment year the preliminary certificate of rehabilitation was issued last certified by the assessor pursuant to Neb. Rev. Stat. Section 13-509 or as finally determined if appealed.

001.02 Historically significant property shall mean real property that is:

001.02A Listed in the National Register of Historic Places;

001.02B Located within a district listed in the National Register of Historic Places that has been determined to be historically significant as determined by the State Historic Preservation Officer;

001.02C Property that has been individually designated as historically significant pursuant to a local landmark ordinance or resolution that has been approved by the State Historic Preservation Officer; or

001.02D Located within a district designated pursuant to a local landmark ordinance or resolution approved by the State Historic Preservation Officer and that is historically significant as determined by the State Historic Preservation Officer.

001.03 Final Certificate of Rehabilitation shall mean a certificate issued by the State Historic Preservation Officer determining that the rehabilitation of a property meets the Standards for Rehabilitation described in 36 C.F.R. 67.7, as such regulation existed on January 1, 2005.

001.04 Preliminary Certificate of Rehabilitation shall mean a certificate issued by the State Historic Preservation Officer determining that a property is qualified for historic preservation valuation, the proposed rehabilitation meets the Standards for Rehabilitation described in 36 C.F.R. 67.7, as such regulation existed on January 1, 2005 and the proposed rehabilitation is a substantial rehabilitation.

001.05 Substantial Rehabilitation shall mean interior or exterior rehabilitation work that preserves the historically significant real property in a manner that significantly improves its condition and costs an amount equal to or greater than twenty-five percent of the assessed valuation of the property as certified by the assessor and

contained in the application for a preliminary certificate of rehabilitation filed with the State Historic Preservation Officer.

001.06 Historically significant valuation period is the eight assessment years following the issuance of the final certificate of rehabilitation by the State Historic Preservation Officer, beginning in the assessment year following the issuance of the final certificate.

001.07 Actual value phase in period is the four years immediately following the conclusion of the historically significant valuation period.

(Neb. Rev. Stat. Sections 77-1385, 77-1388, 77-1390, and 77-1391, R. S. Supp., 2006.)

REG 23-002 PROCEDURES

002.01 The determination of the status of a property as historically significant, the issuance of a preliminary certificate of rehabilitation and the issuance of a final certificate of rehabilitation is made by the State Historic Preservation Officer, following application by the property owner.

002.02 To be considered historically significant property, the property owner must apply to the State Historic Preservation Officer on a form prescribed by the State Historic Preservation Officer, pursuant to Neb. Rev. Stat. Section 77-1387. If the property is recognized by the State Historic Preservation Officer as historically significant, the owner may apply for a preliminary certificate of rehabilitation.

002.03 To obtain a preliminary certificate of rehabilitation, the owner of the property must apply to the State Historic Preservation Officer on a form prescribed by the State Historic Preservation Officer, pursuant to Neb. Rev. Stat. Section 77-1388. The property owner must obtain from the county assessor a written certification of the base value of the real property that was last certified pursuant to Neb. Rev. Stat. Section 13-509 or as finally determined on appeal.

002.03A The certification issued by the assessor must be in writing and be signed by the assessor.

002.03B If the request for the certification of the base value is received by the assessor prior to August 20, the certified base value will be for the previous assessment year. If the request is received after August 20, the certified base value will be for the current assessment year.

002.03C If the preliminary certificate of rehabilitation is granted by the State Historic Preservation Officer, a copy of the preliminary certificate shall be provided to the assessor by the State Historic Preservation Officer within seven days of the issuance of the certificate.

002.03D If the property receives a final certificate of rehabilitation, the value certified by the assessor as for the purposes of the application for a preliminary certificate will be the base value of the property for assessment purposes.

002.04 To obtain a final certificate of rehabilitation, the owner of the property must provide information to the State Historic Preservation Officer regarding the completion of the rehabilitation of the property pursuant to Neb. Rev. Stat. Section 77-1390. If the final certificate of rehabilitation is issued, the State Historic Preservation Officer shall provide a copy of the certificate to the assessor within seven days of its issuance.

002.05 Upon the issuance of the final certificate of rehabilitation, the assessor shall value the property at its base value, beginning in the assessment year following the receipt of the final certificate by the assessor.

(Neb. Rev. Stat. Sections 13-509, 77-1385, 77-1386, 77-1387, 77-1388, 77-1390, 77-1391 and 77-1393, R.S. Supp., 2006.)

REG 23-003 VALUATION

003.01 The base valuation for historically significant property is the value for the property last certified by the assessor at the time of the property owner's application for a preliminary certificate of rehabilitation from the State Historic Preservation Officer.

003.01A The property owner shall contact the assessor to obtain a certification of the last certified value at the time of the application for a preliminary certificate of rehabilitation. Such certification shall be provided in writing to the property owner, who will attach it to the application filed with the State Historic Preservation Officer.

003.01B If the request for a certification of the base value is received by the assessor prior to August 20, the value certified by the assessor would be the value certified by the assessor for the prior year. If the request for the certified value is received by the assessor after August 20, the certified value will be for the current valuation year.

003.01C When the assessor receives a request for a certified value from a property owner for the purposes of an application for a preliminary certificate of rehabilitation, he or she shall note the base value in the record file for the property so that in the event a final certificate of rehabilitation is issued, the assessor shall have a record of the base value to be applied.

003.02 Until the assessor receives a copy of a final certificate of rehabilitation from the State Historic Preservation Officer, the property shall be valued at its actual value each year.

003.03 The issuance of a final certificate of rehabilitation by the State Historic Preservation Officer shall trigger the application of the base valuation. When a final certificate is issued for the property, the State Historic Preservation Officer shall send a copy to the assessor within seven days of the issuance of the certificate.

003.03A Upon receipt of the final certificate of rehabilitation, the assessor shall apply the base value to the property in the assessment year following the issuance of the final certificate of rehabilitation.

003.03B When the final certificate of rehabilitation is issued, the assessor shall value the property at no more than the base value for eight years, beginning in the assessment year following the issuance by the State Historic Preservation Officer of the final certificate of rehabilitation.

003.03C During the historically significant valuation period the property shall be assessed at no more than the base value, even if increases to the property's actual value occur, e.g. reappraisal or increased ordered by the Tax Equalization and Review Commission.

003.03D During the historically significant valuation period, if the property's actual value declines below the base value, it shall be assessed at it's actual value for that particular year, and at such time the actual value increases the property shall be assessed at no more than the base value.

003.03E The assessor shall determine the actual value of the property each year and maintain both the actual value and certified base value for the property in his or her records. The base value is used for taxation purposes during the historically significant valuation period. The base value and a portion of the actual value are used during the actual value phase-in period.

003.03F In the event that a final certificate of rehabilitation is revoked by the State Historic Preservation Officer, the property shall be assessed at its actual value in the assessment year following revocation.

003.04 After the historically significant valuation period has expired, the actual valuation for historically significant property shall be phased in over a four year period as follows:

003.04A In the first year of the phase-in, the assessed valuation shall be the base value plus twenty–five (25) percent of the difference between the base value and the actual value of the property.

003.04B In the second year of the phase-in, the assessed valuation shall be the base value plus fifty (50) percent of the difference between the base value and the actual value of the property.

003.04C In the third year of the phase-in, the assessed valuation shall be the base value plus seventy-five (75) percent of the difference between the base value and the actual value of the property.

003.04D In the fourth year of the phase-in, the assessed valuation of the property shall be its actual value.

003.05 Example of assessment process.

Year 1—Assessor certifies a base value of $50,000.00 for a property on the National Register of Historic Places.

Year 2—Assessor values property on January 1 at $60,000.00 and the property owner applies for and obtains a preliminary certificate of rehabilitation in June from the State Historic Preservation Officer. Renovation begins on the property.

Year 3—Assessor values property on January 1 at $65,000.00. Renovation continues on the property.

Year 4—Assessor values property on January 1 at $65,000.00 but also applies a 10% increase ordered by the Tax Equalization and Review Commission. The assessed value of the property is now $71,500.00. The renovation work is completed and a final rehabilitation certificate is issued by the State Historic Preservation Officer.

Years 5-12—Assessor values the property at no more than $50,000.00 (base value from year one). (The assessor shall determine the actual value of the property each year and maintain records for both the actual value and certified base value for the property.)

Year 13—Assessor values property at base value plus 25% of the difference between the base value and actual value. If actual value is $140,000.00, then the assessed value for this year should be $72,500.00. ($50,000.00 base value + $22,500.00 (140,000.00 – 50,000.00 = 90,000.00 x .25 = 22,500.00) = $72,500.00.

Year 14—Assessor values property at base value plus 50% of the difference between the base value and actual value. If actual value is still $140,000.00, then the assessed value for this year should be $95,000.00

Year 15—Assessor values property at base value and actual value. If actual value has increased to $150,000.00, then the assessed value for this year should be $125,000.00.

Year 16—Assessor values the property at its full actual valuation of $150,000.00.

003.06 Whenever the assessed valuation changes for historically significant property, a notice of valuation change is required to be issued by the assessor. For example, when the assessed valuation of the property changes from actual value to base value following the issuance of a final certificate of rehabilitation, the assessor shall issue a notice of valuation change as required by Neb. Rev. Stat. Section 77-1315. During the period in which the property is assessed at its base value with no change, a notice of valuation change is not required. If the actual value of the property declines and is less than the base value, a valuation change notice is required. If the actual value of the parcel subsequently increases, the value of the property shall go back to the base value and a notice of valuation change is required. A notice of valuation change is required if the final certificate of rehabilitation is revoked and the property assessed value changes from the base value to actual value. Notice of valuation change shall be required in each year of the four year period in which the assessed value of the property goes from the base value to actual value.

003.07 The assessed valuation for historically significant property may be protested in the same manner as other real property pursuant to Neb. Rev. Stat. Section 77-1502

(Neb. Rev. Stat. Sections 77-1315, 77-1388, 77-1390 and 77-1391, R.S. Supp., 2006.)

REG 23-004 Revocation

004.01 A final certificate of rehabilitation for an historically significant property may be revoked by the State Historic Preservation Officer if the rehabilitation of the property has not been made in accordance with the standards described in 36 C.F.R. 67.7, as such regulation existed on January 1, 2005, the property is determined to be no longer of historical significance to a qualified historic district, or no longer possesses the qualifications for listing in the National Register of Historic Places.

004.01A The determination of whether a property is disqualified from receiving valuation as qualified historically significant property is made by the State Historic Preservation Officer pursuant to the rules and regulations of the State Historic Preservation Office promulgated pursuant to Neb. Rev. Stat. Section 77-1394.

004.01B If the final certificate of rehabilitation has been revoked by the State Historic Preservation Officer, the State Historic Preservation Officer shall provide written notice to the assessor.

004.02 Upon receipt of a notice from the State Historic Preservation Officer that the final certificate of rehabilitation for a property has been revoked, the assessor shall assess the property at its actual value, beginning with the assessment year following the revocation of the final certificate of rehabilitation.

004.03 In the event that a property receiving base value under a final certificate of rehabilitation is disqualified from receiving the base value due to the revocation of the final certificate, there is no recapture of taxes based on the difference between the base value and the actual value of the property.

004.04 Example of revocation.

Year 1—Assessor certifies a base value of $50,000.00 for a property on the National Register of Historic Places.

Year 2—Assessor values property on January 1 at $60,000.00 and the property owner applies for and obtains a preliminary certificate of rehabilitation in June from the State Preservation Officer. Renovation begins on the property.

Year 3—Assessor values property on January 1 at $65,000.00. Renovation continues on the property.

Year 4—Assessor values property on January 1 at $65,000.00 but also applies a 10% increase ordered by the Tax Equalization and Review Commission. The assessed value of the property is now $71,500.00. The renovation work is completed and a final rehabilitation certificate is issued by the State Historic Preservation Officer.

Years 5-9—Assessor values the property at no more than $50,000.00 (base value from year one). The assessor shall determine the actual value of the property each year and maintain records for both the actual value and certified base value for the property. Final certificate of rehabilitation is in full force and effect.

Year 10—State Historic Preservation Officer revokes final certificate of rehabilitation and notifies assessor. Assessor maintains the valuation of the property at the base year's value, $50,000.00.

Year 11—Assessor values property at actual value. If necessary the assessor shall send a Notice of Valuation Change. Taxpayer may protest value in the same manner as other real property.

(Neb. Rev. Stat. Sections 77-1391, 77-1393 and 77-1394, R.S. Supp., 2006.)