

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE PROPERTY TAX COMMISSION
SITTING AS THE STATE BOARD OF
EQUALIZATION AND REVIEW
15 PTC 0080

IN THE MATTER OF:
APPEAL OF:

Shannon C. Leonard

FINAL DECISION

from the decision of the Davidson
County Board of Equalization and
Review concerning the valuation
of certain real property for tax year
2015.

This appeal was heard before the North Carolina Property Tax Commission (“Commission”) sitting as the State Board of Equalization and Review in the City of Raleigh, Wake County, North Carolina on Thursday, October 15, 2015, pursuant to the appeal of **Shannon Leonard** (“Appellant”). Appellant is appealing the decision of the 2015 Davidson County Board of Equalization and Review (“County Board”) not to reduce the assessment of his property for tax year 2015.

Vice Chairman Terry L. Wheeler presided over the hearing with Commission Members David A. Smith, Jack C. (“Cal”) Morgan III and Alexander A. Guess participating.

The Appellant appeared at the hearing pro se. Michael K. Newby, Davidson County Attorney, appeared at the hearing on behalf of Davidson County.

STATEMENT OF THE CASE

The property under appeal is located at 3328 Green Tree Road, Thomasville, North Carolina 27360. The Davidson County Tax Office (“Tax Office”) identifies the subject property as Parcel Number 1634-9C-00-00024. The subject property is more particularly described as Lots 24 & 25 (i.e. residential lots, consisting of approximately 1.9 acres) improved with a single-family residence that has approximately 1,580 heated square feet of living area.

Davidson County’s most recent general reappraisal of all real property in the county was effective as of January 1, 2015, and the Davidson County Tax Assessor (“Tax Assessor”) assessed the subject property at a total value of \$146,370. The Appellant challenged the County Assessor’s assessment of his property by appealing to the County Board. After conducting a hearing, the County Board mailed its decision to the Appellant on April 13, 2015 affirming the Tax Assessor’s assessment of \$146,370 for the subject property for tax year 2015.

From that decision, the Appellant appealed to the Commission and requested a hearing as provided in G.S. 105-290. In the Notice of Appeal and Application for Hearing, the Appellant contends that the subject property has been appraised in excess of its “true value” in money, and asserts that the true value of the subject property was \$80,052 as of January 1, 2015.

The County contends that the subject property was appraised in accordance with the County's duly adopted schedule of values, standards and rules for the 2015 reappraisal. The County further contends, based on its analysis of sales and comparably assessed properties, that the subject property has not been appraised in excess of its “true value”. The County asserts that in its appraisal of the subject property, all important factors affecting the value of the property have been considered, and requests the Commission to affirm the valuation of \$146,370 assigned to the property by the County Board.

ANALYSIS AND ISSUES

A county's ad valorem tax assessment is presumptively correct.¹ The taxpayer rebuts this presumption by presenting “competent, material, and substantial” evidence that tends to show that: (1) [e]ither the county tax supervisor used an arbitrary method of valuation; or (2) the county tax supervisor used an illegal method of valuation; and (3) the assessment substantially exceeded the true value in money of the property.² If the taxpayer rebuts the initial presumption, then the burden shifts to the taxing authority to demonstrate that its methods produce true values.³

Under this analysis, the Commission must consider the following issues:

1. Did Appellant carry his burden of producing competent, material and substantial evidence tending to show that:
 - (a). Davidson County employed an arbitrary or illegal method of appraisal in reaching the property tax value for Appellant's property as of January 1, 2015, and
 - (b). The County Board assigned a value that was substantially greater than the true value of the subject property as of January 1, 2015?
2. If the above issues are answered in the affirmative, did Davidson County demonstrate that its appraisal methodology produced true value for the property in view of both sides' evidence and the weight and sufficiency of the evidence, the credibility of the witnesses, and inferences as well as conflicting and circumstantial evidence?⁴

¹ In re Amp, Inc., 287 N.C. 547, 215 S.E.2d 752 (1975).

² Id.

³ In re Appeal of S. Ry. Co., 313 N.C. 177, 323 S.E.2d 235 (1985). In re IBM Credit Corporation, (IBM Credit II), 201 N.C. App. 343, 689 S.E.2d 487 (2009), disc. review denied and appeal dismissed, 363 N.C. 854, 694 S.E.2d 204 (2010).

⁴ In re Parkdale Mills, 225 N.C. App. 713, 741 S.E.2d 416 (2013).

**FROM THE NOTICE OF APPEAL AND APPLICATION FOR HEARING FILED
IN THIS MATTER, STIPULATIONS, IF ANY AND THE EVIDENCE PRESENTED, THE
COMMISSION MAKES THE FOLLOWING FINDINGS OF FACT:**

1. The Commission has jurisdiction over the parties and the subject matter of this appeal.
2. The property under appeal is located at 3328 Green Tree Road, Thomasville, North Carolina 27360. The Davidson County Tax Office (“Tax Office”) identifies the subject property as Parcel Number 1634-9C-00-00024. The subject property is more particularly described as Lots 24 & 25 (i.e. residential lots, consisting of approximately 1.9 acres) improved with a single-family residence that has approximately 1,580 heated square feet of living area.
3. Davidson County’s most recent general reappraisal of all real property in the county was effective as of January 1, 2015.
4. Effective for the January 1, 2015 general reappraisal, the Tax Assessor assessed the subject property at a total value of \$146,370.
5. The Appellant challenged the Tax Assessor’s assessment of his property by appealing to the County Board. After conducting a hearing, the County Board mailed its decision to the Appellant on April 13, 2015 affirming the Tax Assessor’s assessment of \$146,370 for the subject property for tax year 2015.
6. On appeal to the Commission, the Appellant relies on an opinion value of \$80,052.67 (i.e. rounded to \$80,053) for the subject property as of January 1, 2015.
7. In North Carolina, all property, real and personal, is required to be valued or appraised at its true value in money, which is “market value.” [N.C. Gen. Stat. § 105-283]. Market value is defined in the statute as:

“the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used.” Id.
8. At the hearing, Appellant’s opinion of value of \$80,053 for the subject property was based on: (1) Appellant’s analysis of home sales in Davidson County; (2) Appellant’s review of Davidson County’s assessments of other properties in the county; and (3) Appellant’s review of Davidson County’s land assessment of \$43,750 for the 1.9 acres when compared to Davidson County’s assessments of other similarly situated properties.

9. At the hearing, Appellant did present evidence; including his testimony, to support his opinion of value of \$80,053 for the subject property by arguing that the County used an arbitrary method to appraise his property and that the total value of \$146,370 substantially exceeded the true value in money of the land as of January 1, 2015.
10. When appraising real property in North Carolina, an appraiser has a duty in determining the true value of land, “to consider as to each tract, parcel, or lot separately listed at least its advantages and disadvantages as to location; zoning; quality of soil; waterpower; water privileges; and any other factors that may affect its value except growing crops of a seasonal or annual nature.”⁵
11. When valuing the subject property, the County failed to consider the factors set forth in G.S. 105-317 to determine the true value of the Appellant’s property effective January 1, 2015.
12. In particular, the County did not assess the subject property consistent with its assessment of other properties that were similarly situated to the subject property for tax year 2015.
13. The Appellant did present competent, material and substantial evidence tending to show that Davidson County employed an arbitrary method of appraisal in reaching the property tax value for Appellant’s property as of January 1, 2015; and that the value assigned to the property by the County Board substantially exceeded the true value of the property as of January 1, 2015 by showing that the County did not consider the factors set forth in G.S. 105-317 in determining the true value of the subject property; and that the County did not assess the subject property consistent with its assessment or appraisal of other properties that were similarly situated to the subject property.
14. When the burden shifted to Davidson County, the County did not demonstrate that its appraisal methodology produced true value in view of both sides’ evidence and the weight and sufficiency of the evidence, the credibility of the witnesses, and inferences as well as conflicting and circumstantial evidence⁶ when there was evidence in the record to show that the County employed an arbitrary method of appraisal in reaching the property tax value for Appellant’s property effective January 1, 2015; and that the value assigned to the property by the County Board substantially exceeded the true value of the property as of January 1, 2015.
15. As such, the Commission determined that the true value of the subject property was \$80,053 as of January 1, 2015.

⁵ See N.C. Gen. Stat. § 105-317.

⁶ In re Parkdale Mills & Parkdale Am., 225 N.C. App. 713, 741 S.E.2d 416 (2013).

**BASED UPON THE FOREGOING FINDINGS OF FACT, THE COMMISSION
MAKES THE FOLLOWING CONCLUSIONS OF LAW:**

1. The Commission has jurisdiction over the parties and the subject matter of this appeal and has the authority to correct any assessment of real property that is shown to be based upon an arbitrary or illegal method of valuation and that the valuation substantially exceeds the true value in money.
2. Appellant's evidence did tend to show that the county tax supervisor used an *arbitrary method* of valuation and that the assessment *substantially* exceeded the true value in money of the property⁷ since Davidson County failed to consider the relevant factors to determine the true value of the Appellant's property provided in G.S. 105-317.
3. Since the Appellant rebutted the presumption of correctness of Davidson County's tax assessment of the subject property, then the burden shifted to Davidson County to demonstrate that its method produced the true value for the subject property, effective January 1, 2015.
4. The critical inquiry in such instances is whether the County's appraisal method "is the proper means or method given the characteristics of the property under appraisal to produce a true value or fair market value."⁸
5. In this appeal, Davidson County did not demonstrate that its appraisal methodology is the proper means or method given the characteristics of the property under appraisal to produce a true value or fair market value for the subject property.
6. As such, the true value for the subject property was \$80,053, effective January 1, 2015.

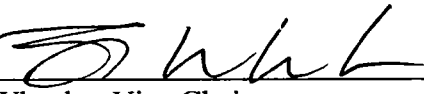
WHEREFORE THE COMMISSION THEREFORE ORDERS that the decision of the County Board is modified; and Davidson County is instructed to revise its tax records as necessary to reflect the Findings of Fact and Conclusions of Law of the Commission determining that the true value for the subject property was \$80,053 as of January 1, 2015.

⁷ *In re Amp, Inc.*, 287 N.C. 547, 215 S.E.2d 752, 761 (1975).

⁸ *In re Parkdale Mills & Parkdale Am.*, 225 N.C. App. 713, 741 S.E.2d 416 S.E.2d. 416 (2013).

NORTH CAROLINA PROPERTY TAX COMMISSION



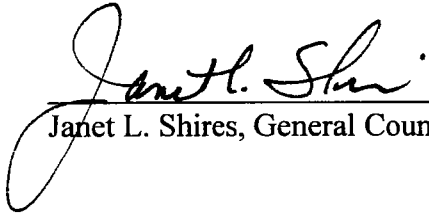


Terry L. Wheeler, Vice Chairman

Commission Members Smith, Morgan and Guess concur. Chairman Peaslee did not participate in the hearing or deliberation of this appeal.

ENTERED: May 26, 2016

ATTEST:



Janet L. Shires, General Counsel