

STATE OF NORTH CAROLINA
COUNTY OF WAKE

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

IN THE MATTER OF THE APPEAL OF:

JULIA L. TODD,

19 PTC 0475

Appellant,

From the decision of the Mecklenburg
County Board of Equalization and Review

FINAL DECISION

This matter came on for hearing 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 Wednesday, September 16, 2020, pursuant to the Appellant’s appeal from the decision of the Mecklenburg County Board of Equalization and Review (“Board”).

Chairman Robert C. Hunter presided over the hearing, with Vice Chairman Terry L. Wheeler and Commission Members William W. Peaslee, Alexander A. Guess, and June W. Michaux participating.

Attorney Robert S. Adden, Jr., appeared via Webex on behalf of Mecklenburg County (“County”). The Appellant appeared via Webex *pro se*.

STATEMENT OF THE CASE

The property under appeal consists of two adjacent residential lots located on Lake Wylie. The first such lot is located at 17905 Culross Lane and is identified by the County by Parcel #217-361-09 (“additional lot”). The additional lot is sometimes described as vacant, although there is a boathouse appurtenant to the lot. The second such lot is located at 17900 Culross Lane and is identified by the County by Parcel #217-361-08 “dwelling lot”). The dwelling lot also includes a boathouse-type of structure, in addition to a single-family residence and a garage that is detached from the residence, with a covered walkway between these two structures. The County conducted its most recent countywide reappraisal with an effective date of January 1, 2019.

The Appellant disputed the January 1, 2019 assessed value of the property as determined by the County, and appealed said value to the Mecklenburg County Board of Equalization and Review (“Board”). On August 21, 2019, the Board determined the value of the additional lot to

be \$300,000, and determined the value of the dwelling lot to be \$797,000. The Appellant appeals from these decisions of the Board, contending that the true values of the lots, as of January 1, 2019, were actually \$175,000 for the additional lot and \$650,000 for the dwelling lot.

ANALYSIS AND ISSUES

A county's ad valorem tax assessment is presumed to be correct.¹ A taxpayer may rebut this presumption by producing "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 N.C. Gen. Stat. §105-283 requires all taxable property to be valued for tax purposes at its "true value," as that term is defined in the same section.

If the taxpayer produces the evidence required to rebut the 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. Whether the Appellant carried her burden of producing competent, material and substantial evidence tending to show that:
 - (a) The County employed an arbitrary or illegal method of valuation in determining the assessed value of the Appellant's property; and
 - (b) The assessed value substantially exceeded the true value of the property for the year at issue.
2. If the Appellant produced the evidence required to rebut the presumption, then whether the County demonstrated that its appraisal methods produced a true value for the property, considering the evidence of both sides; its weight and sufficiency and the credibility of witnesses; the inferences drawn therefrom; and the [evaluation] of conflicting and circumstantial evidence.⁴

(REMAINDER OF PAGE INTENTIONALLY BLANK)

¹ *In re Amp, Inc.*, 287 N.C. 547, 563, 215 S.E.2d 752, 762 (1975).

² *Id.* (capitalization and emphasis in original).

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 EVIDENCE PRESENTED AND ALL DOCUMENTS OF RECORD,
THE COMMISSION MAKES THE FOLLOWING FINDINGS OF FACT:**

1. At the hearing, all exhibits submitted by the parties were admitted without objection.
2. The Appellant contends that the County has appraised various waterfront lots at similar or the same values, without adequately considering the differences among the lots. The Appellant testified as to her opinion that the additional lot was relatively steep when compared to other lots that had been appraised by the County at the same value. The Appellant further testified that the dwelling lot, considered to be a “point” lot, has trees that block the view of the lake in comparison to other point lots.
3. Referring to County Exhibit 11, the Appellant testified that, whereas the land portion of the dwelling lot was appraised by the County at \$495,000, the land portion of other point lots was appraised by the County at \$550,000. The Appellant testified further as to her opinion that there should be more than a \$55,000 difference in value between the land portions of the dwelling lot and the other point lots. The Appellant specifically discussed the land value of “Comp #1,” as designated in County’s Exhibits 12 and 13, offering her opinion that this property was on the main lake, and has “great views.”
4. Referring further to the County’s Exhibits 12 and 13, the Appellant testified as to her opinion that “Comp #2” was a better and larger lot than the dwelling lot. She further testified that “Comp #3” was not a point lot, but was larger than the dwelling lot, and that “Comp #4” was located 10 miles away by road from the dwelling lot; was not a point lot; has views of the main channel; and is “not a significant comp.”
5. As to the additional lot under appeal, the Appellant testified as to her opinion that the lot is very steep (later testifying that the additional lot had a 12-to-15-foot grade change), and would require a substantial amount of expense to make it buildable, and that “a lot” of similarly-valued lots would not require these expenses to be buildable. Referring to Taxpayer Exhibit D, the Appellant testified as to the County-appraised values of lots that she considered to be similar to the additional lot, including some that were appraised for a value lower than that of the additional lot.
6. The Appellant concluded her direct testimony by stating that her main argument was that there should be a larger difference in land values between the subject lots and other lots. She did not contest the value attributed to the improvements to either lot.

7. In response to a question from the Commission, the Appellant testified that the dwelling lot had been purchased in 2008 for \$725,000, and that the additional lot had been purchased in 2011 for \$250,000.
8. On cross-examination, the Appellant testified that the detached garage had been added to the dwelling lot after the 2008 purchase, at an approximate total construction cost of \$200,000.
9. On further cross-examination, the Appellant reiterated her opinion that there should be more than a \$55,000 difference in land values between the dwelling lot and other point lots, but conceded that she had no data to support this conclusion, and that there were, in fact, some point lots that were appraised by the County with land values higher than \$550,000. Referring to page 3 of Taxpayer's Exhibit C, the Appellant testified as to her opinion that "these [lots] should be higher, or ours should be lower."
10. The Appellant testified further on cross-examination that the values listed in Taxpayer's Exhibit D were not sale prices, but rather were County appraisal values. We note that Taxpayer's Exhibit B also reflects County-appraised values, and not sale prices.
11. At the close of the Appellant's evidence, the County moved to dismiss the Appellant's appeal, arguing that the Appellant had failed to meet her burden to produce "competent, material and substantial evidence" that the County's values were either arbitrary or illegal, and substantially in excess of true value.

BASED UPON THE FOREGOING FINDINGS OF FACT, THE PROPERTY TAX COMMISSION CONCLUDES AS A MATTER 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 when it 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. "True value" is defined in N.C. Gen. Stat. §105-283, and N.C. Gen. Stat. §105-317(a) provides specific elements of value that are to be considered when appraising real property in order to determine its true value.
3. N.C. Gen. Stat. §105-317 "has been interpreted as authorizing three methods of valuing real property: the cost approach, the comparable sales approach, and the income approach."⁵
4. The Appellant offered no evidence regarding the cost approach or the income approach, and offered no evidence as to the sale prices of properties that she considered comparable to the subject properties. Thus, the Appellant did not provide competent, material, and substantial

⁵ *In re Greens of Pine Glen Ltd.*, 356 N.C. 642, 648, 576 S.E.2d 316, 320 (2003)

evidence regarding the three authorized methods of valuing real property. Accordingly, we find that the Appellant did not offer competent, material and substantial evidence that the County's values were either arbitrary or illegal, and substantially in excess of true value.

5. The Appellant did not meet her burden of producing competent, material and substantial evidence tending to show that: (a) The County employed an arbitrary or illegal method of valuation in determining the assessed value of the Appellant's property; and (b) The assessed value substantially exceeded the true value of the property as of January 1, 2019.

WHEREFORE, the Commission order and decrees that the Appellant's appeal should be and is hereby dismissed, and the decision of the Mecklenburg County Board of Equalization and Review, determining the true value of Parcel #217-361-09 to be \$300,000 and the true value of Parcel #217-361-08 to be \$797,000, is hereby affirmed.

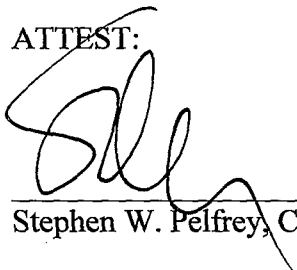


NORTH CAROLINA PROPERTY TAX COMMISSION


Robert C. Hunter, Chairman

Vice Chairman Wheeler and Commission Members Peaslee, Guess, and Michaux concur.

ATTEST:


Stephen W. Pelfrey, Commission Secretary

Date Entered: 10.12.2020