

STATE OF NORTH CAROLINA

BEFORE THE PROPERTY TAX COMMISSION

COUNTY OF WAKE

SITTING AS THE STATE BOARD OF
EQUALIZATION AND REVIEW

07 PTC 374

IN THE MATTER OF:

APPEAL OF: **Meadowlands Golf, LLC**

from the decision of the Davidson
County Board of Equalization and
and Review concerning the valuation
of certain real property for tax year
2007.

FINAL DECISION

This Matter 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, at its regularly scheduled session of hearings on Thursday, October 16, 2008 pursuant to the appeal of Meadowlands Golf, LLC ("Appellant") from the decision of the Davidson County Board of Equalization and Review ("County Board") concerning the valuation of certain real property for tax year 2007.

Chairman Terry L. Wheeler presided over the hearing with Vice Chairman Anthony L. Young and Commission members R. Bruce Cope, Wade F. Wilmoth and Juleigh Sitton participating.

Attorney Michael F. Schultze represented the Appellant at the hearing. Attorney Charles C. Meeker represented Davidson County at the hearing.

STATEMENT OF CASE

The property subject to this appeal is an 18-hole semi-private golf course located at 542 Meadowlands Drive, Winston-Salem, Davidson County, North Carolina. It is located on approximately 160 acres and is improved with a clubhouse, maintenance building and a cart shed. Effective January 1, 2007, Davidson County appraised the subject property at a total value of \$6,648,570; namely \$1,914,240 for the land and \$4,734,330 for the improvements.

The Appellant contends that the value of the golf course should be \$2,850,000, as of January 1, 2007. The Appellant further contends that the county's assessment is excessive because of a market decline for golf courses over the last decade. Davidson County contends that the golf course was appraised in accordance with its duly adopted schedules, standards, and rules and that consideration was given to each of the contentions raised by the Appellant.

ISSUES

1. Did Davidson County ("County") employ an arbitrary or illegal method of appraisal in reaching the assessed value that the County Board assigned to the Appellant's property, effective January 1, 2007?
2. Did the County Board assign a value to the Appellant's property that substantially exceeded the subject property's true value in money as of January 1 for the year at issue?

FROM THE APPLICATION FILED IN THIS MATTER, ANY STIPULATIONS, AND 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 subject to this appeal is the Appellant's 18-hole semi-private golf course, known as the Meadowlands Golf Club, located at 542 Motsinger Drive, Winston-Salem, North Carolina. The course includes an additional hole that is used as a practice green. Although the address is Winston-Salem, the property is located in Abbotts Creek Township in northern Davidson County. The site contains approximately 160 acres and is improved with a clubhouse, maintenance building and a cart shed. The subject property is surrounded by a large residential subdivision that is not the subject of this appeal.¹
3. The size, shape and topography of the subject property shows that the property's highest and best use is the current use as a golf course. The land is rolling and sufficiently cleared, which adds to the variety and attractiveness of the course. In addition, the streams and lakes are located such that many of the holes are designed where water comes into play to enhance both attractiveness and difficulty of the course and provides nice views for many of the residential lots that surround the golf course. Furthermore, the water from the lakes and streams serve as an adequate source to supply the irrigation system installed on the course.²
4. The subject property has a gas line easement running through the main body of the property extending the length of property from the southwest to the northeast. In addition, Duke Power's high-tension wire easement runs north/south through the middle to the western section of the property.³
5. As such, the easements restrict the development of the site and are factors to consider when determining the valuation of the subject land.

¹ Appellant Exhibit 1, Martin & Associates appraisal, dated July 18, 2007 (effective January 1, 2007).

² Id.

³ Id, at pages 41 and 42.

6. Effective January 1, 2007, Davidson County conducted a reappraisal of all real property situated within its jurisdiction, and assessed the subject property at a total value of \$6,648,570; \$1,914,240 for the land and \$4,734,330 for the improvements. The County Board affirmed Davidson County's assessment of the subject property at a total value of \$6,648,570; \$1,914,240 for land (\$12,000 per acre), \$3,800,000 for the golf course greens (19 golf greens at \$200,000 per green), and \$934,330 for the other improvements.

7. This is a semi-private championship golf course that was designed by Hale Irwin and opened in 1995. The golf course and pro shop are in good condition as well as the cart paths, which are concrete, and are about seven feet in width and extend for about five miles.⁴

8. At the hearing, the Appellant offered the testimony of Mr. David Lankford⁵ and Mr. William D. Martin.⁶ Mr. Lankford supervises the activities at the subject property and handles the accounting records. Mr. Lankford testified that this is a semi-private golf course with a small membership. He further testified that there is no restaurant, just a grill, and there are no additional amenities, such as tennis courts or pool. Therefore, the subject property does not warrant high membership.

9. At the hearing, the Commission heard testimony concerning the three accepted approaches to value property; namely the income approach, cost approach and sales comparison approach. When arriving at an opinion of value for the subject property, as of January 1, 2007, Mr. Martin testified that he considered all three approaches to value, but gave the greatest weight to the income approach.

10. When giving the greatest weight to the income approach, Mr. Martin testified that the value of the subject property was \$2,850,000, effective January 1, 2007.

11. The Commission recognizes that the Appellant's appraiser prepared a report using the three accepted approaches to value; and that he testified that he gave the greatest weight to the income approach when arriving at his opinion of value for the subject property.

12. The Commission also recognizes that the income approach is the most reliable method to use when valuing income-producing property.

13. The Commission, having considered all three accepted approaches to value, determines that while the income approach is preferred when valuing income-producing property, a combination of the approaches should be utilized when determining the market value for the subject property.

⁴ Appellant Exhibit 1, Martin & Associates appraisal, dated July 18, 2007 (effective January 1, 2007).

⁵ Mr. David Lankford, Chief Financial Officer, Pinnacle Golf Properties – Meadowlands Golf Club management representative.

⁶ Mr. William D. Martin, Martin & Associates, expert witness.

⁷ Effective January 1, 2007, there were 62 members.

14. When considering Mr. Martin's appraisal of the subject property the Commission finds that his report was flawed since (1) Mr. Martin valued the subject property as if it was a public course.⁸ (2) Mr. Martin's made certain assumptions as to play at the subject property that were not consistent with this golf course. As such, his appraisal report does not reflect the market value of the property as of January 1, 2007.

15. Davidson County's assessment of the subject property at a total value of \$6,648,570; \$1,914,240 for the land and \$4,734,330 for the improvements falls within certain ranges of the 2007 schedules, standards, and rules for the valuation of the land, and certain ranges of the 2007 schedules, standards, and rules for the valuation of golf course greens.⁹

16. When valuing the subject land at a total value of \$1,914,240 Davidson County assessed the 160 acres at \$12,600 per acre. The 2007 schedules, standards, and rules contain land value ranges from \$200,000 to \$1,000 (schedule range) and from \$30,000 to \$1,000 (typical range).¹⁰

17. Considering the land value ranges in the schedules, standards, and rules and factors associated with the 160 acres, the valuation of the 160 acres should be reduced to \$800,000 (\$5,000 per acre).¹¹

18. Davidson County valued the golf course greens at a total value of \$3,800,000 (\$200,000 per golf green), which includes the assessment of the practicing green at \$200,000.¹²

19. The 2007 schedules, standards, and rules contain ranges for valuing golf greens. The ranges per hole are \$108,900 (low range), \$151,600 (medium range), and \$327,400 (high range). When considering these ranges, and factors associated with golf course and greens, the total valuation for the golf course greens was \$2,728,800, as of January 1, 2007. The total valuation of the other improvements was \$943,330,¹³ as of January 1, 2007.

20. The total valuation of the subject land, golf course greens and other improvements was \$4,472,130, as of January 1, 2007.

⁸ Appellant Exhibit 1, Martin & Associates appraisal, dated July 18, 2007 (effective January 1, 2007), at page 36.

⁹ Davidson County Exhibit 1, Schedule of values for land and golf courses.

¹⁰ Id.

¹¹ Adjustment for gas pipeline and power line easements.

¹² Class I-Better Championship-type: Typical features are 160 to 200 acres, 6,500 to 7,000 yards long, bunkered greens and fairways, large trees, greens and fairways, driving range, name architect, automatic sprinklers, paved cart paths.

¹³ Clubhouse, pump house, yard lights asphalt paving, porch/deck, building (4,600 square feet), cart house, and building (11,146 square feet).

BASED UPON THE FOREGOING FINDINGS OF FACT, THE COMMISSION CONCLUDES AS A MATTER OF LAW:

1. The Commission's duty to hear and adjudicate appeals applies to "property that has been fraudulently or improperly assessed through error or otherwise" and requires the Commission "to investigate the same, and if error, inequality, or fraud is found to exist, to take such proceedings and to make such orders as to correct the same."¹⁴ Thus, the Commission has "general supervisory power over the valuation and taxation of property throughout the State and authority to correct improper assessments."¹⁵

2. *Ad valorem* assessments are presumed to be correct. When assessments are attacked or challenged, an appellant is required to produce competent, material and substantial evidence that tends to show that: (1) the county used an arbitrary or illegal method of valuation; and (2) that the assessment substantially exceeded the true value in money of the property.¹⁶

3. Even though the Appellant argued that the income approach to value should be given the greatest weight to estimate the valuation of the subject property, the Appellant did not produce competent, material and substantial evidence as to the valuation of the subject property using the income approach to value. As such, the Commission will not rely upon an independent appraiser's collateral determination of the valuation of Appellant's property, and absence such competent, material and substantial evidence by the Appellant, the Commission must consider the evidence offered by Davidson County as to whether it properly appraised the subject property under the schedules, standards, and rules adopted for the 2007 general reappraisal of real property in Davidson County.

4. After considering all the evidence, the exhibits and all matters of record and after determining its weight and sufficiency and the credibility of witnesses, and appraising conflicting and circumstantial evidence, the Commission concludes that the valuation of the subject property was \$4,472,130 as of January 1, 2007.

5. The valuation of the subject property at \$4,472,130 correlates with the ranges for valuing land, golf course greens, and other improvements set forth in the 2007 schedules, standards, and rules adopted by the County Board of Commissioners.

BASED UPON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, THE COMMISSION ORDERS that the decision of the 2007 Davidson County Board of Equalization and Review, assigning a total value of \$6,648,570 is **modified**, and Davidson County shall revise its tax records as may be necessary to reflect the Finding of Fact and Conclusions of Law of the Commission, arriving at a total valuation of \$4,472,130 (\$800,000 land value, \$2,728,800 golf greens' value and \$943,330 for the other improvements), as of January 1, 2007.

¹⁴ *King v. Baldwin*, 276 N.C. 316, 323, 172 S.E.2d 12, 17 (1970).

¹⁵ *In re King*, 281 N.C. 533, 540, 189 S.E.2d 158, 162 (1972)

¹⁶ *In re Amp, Inc.*, 287 NC 547, 215 S.E.2d 752 (1975).



NORTH CAROLINA PROPERTY TAX COMMISSION

Terry L. Wheeler, Chairman

Vice Chairman Young and Commission members Cope, Wilmoth,
and Sitton concur.

Entered: April 1, 2009

Attest:

Janet L. Shires, General Counsel