

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE PROPERTY TAX COMMISSION
SITTING AS THE STATE BOARD OF
EQUALIZATION AND REVIEW
07 PTC 375

IN THE MATTER OF:
APPEAL OF: **Parkdale Mills and
Parkdale America** from the decisions
of the Davidson County Board of
Equalization 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, April 15, 2009 and May 13, 2009 pursuant to the appeal of Parkdale Mills and Parkdale America ("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.

Prior to the hearing of this matter, the Appellant, through counsel, moved for the recusal of Commissioner R. Bruce Cope from the hearing of this matter. After some discussion, Commissioner R. Bruce Cope, after reviewing the Appellant's motion, decided not to participate in the hearing or deliberation of this appeal. Prior to the hearing of this matter, this Commission granted the Appellant's motion requesting that certain information be held confidential that related to the Appellant's business operations.

Chairman Terry L. Wheeler presided over the hearing with Vice Chairman Anthony L. Young and Commission member Wade F. Wilmoth participating.

John A. Cocklereece, Esquire, appeared at the hearing on behalf of the Appellant. Charles C. Meeker, Esquire appeared at the hearing on behalf of Davidson County.

STATEMENT OF CASE

The properties subject to this appeal are the Parkdale-Lexington and Parkdale-Thomasville manufacturing facilities that are located in Davidson County, North Carolina. The Parkdale-Lexington facility is located at 65 Mill Street, Lexington, NC, and is described as a multiple story cotton mill that began production in 1913. The additions to the facility were made during different stages of construction, and over an extended period of years. The plant contains 459,899 square feet and is situated on 15.43 acres. Effective January 1, 2007, Davidson County assessed the Lexington manufacturing facility at a total value of \$6,776,160. The Appellant challenged Davidson County's assessment of the property by filing an appeal to the County Board. After conducting a hearing, the County Board determined that the assessed value of the subject property was \$5,040,429, as of January 1, 2007. From that decision, the Appellant filed an appeal to the Commission. In the Application for Hearing, the Appellant's opinion of value for the subject property was \$1,800,000, as of January 1, 2007.

The second property subject to this appeal is the Parkdale-Thomasville manufacturing facility that is located on Carmalt Street, Thomasville, Davidson County, North Carolina. This is a multiple story cotton mill built in 1909. Additions to the Thomasville facility were made during different stages of construction. The facility contains approximately 276,455 square feet and is situated on 9.18 acres of land. Effective January 1, 2007, Davidson County assessed the subject property at a total value of \$3,620,080. The Appellant challenged the assessment by filing an appeal with the County Board. After conducting a hearing, the County Board determined that the valuation for the subject property was \$3,287,150 as of January 1, 2007. In the Application for Hearing, the Appellant contends that the valuation of the subject property was \$1,100,000, as of January 1, 2007.

ISSUES

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

FROM THE APPLICATIONS 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 properties subject to this appeal are the Lexington ("Lexington") and Thomasville ("Thomasville") manufacturing facilities that are located in Davidson County, North Carolina. The Lexington facility is located at 65 Mill Street, Lexington, NC, and is described as a multiple story cotton mill that began production in 1913. The additions to the facility were made during different stages of construction, and over an extended period of years. The plant contains 465,197 square feet and is situated on 15.3392 acres.¹ The Thomasville manufacturing facility is located at 400 Carmalt Street, Thomasville, Davidson County, North Carolina. This is a multiple story cotton mill built in 1909. The additions to the facility were made during different stages of construction. The facility contains gross building areas of 356,737 square feet and is situated on 9.18 acres of land.²
3. The gross building areas of the Lexington Plant are composed of manufacturing and warehousing areas totaling 461,887 square feet ("Lexington Manufacturing and Warehousing Space") and administrative office and foyer areas totaling 3,320 square feet ("Lexington Office Space"). Of the Lexington Manufacturing and Warehousing Space, 375,373 square feet are located on the main level, 70,407 square feet are located on the upper level, and 16,097 square

¹ Order of Final Pre-Hearing Conference, Joint Stipulation, Number 3(a). See also Appellant's Application for Hearing (Lexington Plant), dated July 13, 2007.

² Order of Final Pre-Hearing Conference, Joint Stipulation, Number 4(a). Appellant's Application for Hearing (Thomasville property), dated July 13, 2007.

feet are located in the basement level. Of the Thomas Manufacturing and Warehousing Space, 209,800 square feet are located on the main level of the Thomasville Plant, 25,674 square feet are located on the upper level, and 113,409 square feet are located in the basement level.

4. Effective January 1, 2007, Davidson County assessed the Lexington Plant at a total value of \$6,776,160. The Appellant challenged Davidson County's assessment of the property by filing an appeal to the County Board. After conducting a hearing, the County Board determined that the assessed value of the subject property was \$5,040,429 as of January 1, 2007.

5. Effective January 1, 2007, Davidson County assessed the Thomasville manufacturing facility at a total value of \$3,620,080. The Appellant challenged the assessment by filing an appeal with the County Board. After conducting a hearing, the County Board determined that the valuation of the subject property was \$3,287,150 as of January 1, 2007.

6. Even though the Lexington and Thomasville manufacturing facilities are older plants, these manufacturing facilities are fully automated, productive and were operating seven days per week as of the effective date of the general reappraisal. When assessing the Lexington and Thomasville manufacturing facilities, as of January 1, 2007, Davidson County considered the age of the plants and allowed 80 percent (80%) depreciation.

7. At the hearing, the Appellant offered the testimony of Mr. Paul G. Carter, Jr., MAI, SRA. Mr. Carter appraised both the Lexington and Thomasville manufacturing plants. At the hearing Mr. Carter testified that the Lexington and Thomasville Plants were at the end of plants' useful lives and should be fully depreciated. As such, he determined the market price for the Lexington and Thomasville Plants would be the sales price of closed manufacturing plants. When considering the market price from the sales of closed manufacturing plants, Mr. Carter's opinion of value for the Lexington Plant was \$905,000 as of January 1, 2007. When considering the market price from the sales of closed manufacturing plants, Mr. Carter's opinion of value for the Thomasville Plant was \$625,000 as of January 1, 2007.

8. When valuing property, the Commission recognizes that there are three accepted approaches to value property; namely, the income approach, cost approach and sales comparison approach.

9. When arriving at his opinion of values for the Lexington and Thomasville Plants, Mr. Carter relied solely on the sales comparison to estimate the total market values for the subject plants.

10. When relying solely on the sales comparison approach, the Appellant's expert witness relied upon the sales of closed plants to arrive at his opinion of values for the Lexington and Thomasville manufacturing facilities.

11. When arriving at the assessments for the Lexington and Thomasville manufacturing facilities, Davidson County applied its duly 2007 adopted schedule of values, standards, and rules to determine the values that were assigned to the manufacturing plants.

12. Applying the schedule of values, standards, and rules the total assessment for the Lexington Plant was \$5,040,429, as of January 1, 2007. Applying the schedule of values, standards, and rules the total assessment for the Thomasville Plant was \$3,287,150, as of January 1, 2007.

13. Davidson County's assessments of the Lexington and Thomasville Plants were consistent with the county's assessment of similarly situated manufacturing facilities in Davidson County as of January 1, 2007.

14. The Commission determines that the total value of the Thomasville Plant was \$3,287,150, as of January 1, 2007. The Commission determines that the total value of the Lexington Plant was \$5,040,429, as of January 1, 2007.

BASED UPON THE FOREGOING FINDINGS OF FACT, THE NORTH CAROLINA PROPERTY TAX COMMISSION CONCLUDES AS A MATTER OF LAW:

1. When an appellant challenges the county's assessment of its property, it is required to produce evidence that tends to show that the County relied on an illegal or arbitrary valuation method and that the assessment substantially exceeds true value of the property.⁴

2. After the appellant produces such evidence as outlined above, the burden of going forward with the evidence and of persuasion that its methods would in fact produce true value then rests with the County; and it is the Commission's duty to hear the evidence of both sides, to determine its weight and sufficiency and the credibility of witnesses, to draw inferences, and to appraise conflicting and circumstantial evidence, all in order to determine whether the County met its burden.⁵

3. After considering all of the testimony, and reviewing the exhibits offered at the hearing, the Commission concludes that the County met its burden with regard to the assessments of the Lexington and Thomasville manufacturing facilities.

BASED UPON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, THE COMMISSION THEREFORE ORDERS that the decisions of the 2007 Davidson County Board of Equalization and Review assigning a total value of \$5,040,420 to the Lexington facility and a total value of \$3,287,150 to the Thomasville facility, effective January 1, 2007 is hereby affirmed.

Ordered by the Commission on May 13, 2009.

³*In re Amp, Inc.* 287 N.C. 547, 215 S.E.2d 752 (1975). *In re Appeal of IBM Credit Corporation*, 186 App. ___, 650 S.E.2d 828 (2007), aff'd per curiam, 362 N.C. 228, 657 S.E.2d 355 (2008).

⁴*In re Appeal of IBM Credit Corporation*, 186 App. ___, 650 S.E.2d 828 (2007), aff'd per curiam, 362 N.C. 228, 657 S.E.2d 355 (2008).



NORTH CAROLINA PROPERTY TAX COMMISSION

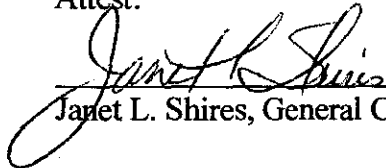


Terry L. Wheeler, Chairman

Vice Chairman Young concurs. Commission member Wilmoth respectfully dissents.

Entered: November 3, 2009

Attest:



Janet L. Shires, General Counsel