

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

BEFORE THE PROPERTY TAX COMMISSION  
SITTING AS THE STATE BOARD OF  
EQUALIZATION AND REVIEW  
01 PTC 560

IN THE MATTER OF:  
APPEAL OF WEAVER INVESTMENT  
COMPANY from the decision of the  
Alamance County Board of Equalization  
and Review concerning real property  
taxation for tax year 2001

**FINAL DECISION**

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This Matter was heard before the North Carolina Property Tax Commission (hereinafter "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, March 13, 2003, pursuant to the appeal of **Weaver Investment Company** (hereinafter "Taxpayer") from the decision of the Alamance County Board of Equalization and Review (hereinafter "County Board") concerning real property taxation for tax year 2001.

Chairman Terry L. Wheeler presided over the hearing with Vice Chair R. Bruce Cope and Commissioner members Wade F. Wilmoth, Harvey W. Raynor, III and Anthony L. Young participating.

S. Leigh Rodenbough IV and Jim W. Phillips, Jr., Attorney at Law, represented the Taxpayer at the hearing. David I. Smith, Alamance County Attorney, appeared on behalf of Alamance County.

**STATEMENT OF CASE**

The property under appeal is a tract consisting of 5.24 acres, improved with a two-story full service hotel located at 2444 Maple Avenue in the City of Burlington, Alamance County, North Carolina. The subject hotel operates as a Holiday Inn and has 131 rooms, a restaurant, meeting/banquet rooms, and a swimming pool. The subject property was initially constructed in 1987 and 1988. Effective January 1, 2001, Alamance County conducted a countywide general reappraisal of all real property situated within its jurisdiction and assessed the subject property at a total value of \$4,813,953; \$1,294,200 for the land and \$3,519,753 for the improvements. The Taxpayer appealed the County's assessment of the subject property to the County Board for tax year 2001. The County Board made no adjustment to the County's assessed value of the subject property and notified the Taxpayer of its decision. Thereafter, the Taxpayer filed a timely Notice of Appeal and Application for Hearing with the Commission and requested a hearing pursuant to N.C. Gen. Stat. § 105-290.

Taxpayer contends that the total value of the subject property was \$2,880,000 as of January 1, 2001 and that the County's value exceeds the market value of the subject property. The County contends that the subject property was appraised in accordance with the County's duly adopted schedules of values, standards, and rules adopted for the 2001 general reappraisal. The County asserts that all-important factors affecting the value of the property were considered when it assessed the property and thus requests the Commission to affirm the value assigned to the subject property by the County Board.

## ISSUES

The North Carolina Supreme Court has established guidelines for property tax appeals in the case of *In Re Amp, Inc.*, 287 NC 547, 215 S.E.2d 752 (1975). The issues presented were:

1. Did Alamance County (hereinafter "County") employ an arbitrary or illegal method of appraisal in reaching the assessed value that the County Board assigned to the Taxpayer's property for tax year 2001?
2. Did the County Board assign a value to Taxpayer's property that **substantially** exceeded its true value in money as of January 1 for the year at issue?
3. If issues 1 and 2 are answered in the affirmative, what was the true value in money of the property as of January 1 for the year at issue?

Under the guidelines of AMP, supra, the Taxpayer has the burden of establishing:

1. The County employed an arbitrary or illegal method of appraisal; and
2. The value assigned by the County Board was **substantially** greater than the true value in money of the property 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 a tract consisting of 5.24 acres, improved with a two-story full service motel located at 2444 Maple Avenue in the City of Burlington, Alamance County, North Carolina. The subject motel operates as a Holiday Inn and has 131 rooms, a restaurant, meeting/banquet rooms, and a swimming pool. Construction of the subject property began in 1987 and the property opened in 1989 as a Howard Johnson motel. The exterior of the subject property is artificial stucco and the roof is single ply membrane with rock ballast.

3. The subject property is located in the northeast quadrant of the connector to I-40/85 and Highway 49, at Exit Number 145. Most of the motels in Burlington are located west of the subject property at Exit Number 141. The motels located west of the subject property are new and include Comfort Inn, Country Inn, Courtyard and Hampton Inn.

4. Effective January 1, 2001, Alamance County conducted a reappraisal of all property situated within its jurisdiction. Based upon the reappraisal, the Alamance County Tax Administrator assessed the subject property at a total value of \$4,813,953, \$1,294,200 for the land and \$3,519,753 for the improvements. The Alamance County Tax Administrator relied upon the cost approach in determining the assessment of the subject property.

5. The highest and best use of the subject property is its present use as a motel.

6. At the hearing, the Commission heard testimony regarding the three accepted appraisal approaches to value; namely the cost approach, the comparable sales approach and the income approach. The Taxpayer's expert witness, Mr. C.D. Foster, MAI, testified that he gave the greatest weight to the income approach in arriving at his opinion of value for the subject property. Using the income approach, Mr. Foster determined that the fair market value of the subject property was \$2,880,000 as of January 1, 2001. (See Appraisal Report of Foster Rich & Company, Inc., prepared by C.D. "Dick" Foster, dated March 20, 2002, at page 70).

7. The Commission recognizes that the Taxpayer's expert witness performed a complete analysis using the three approaches to value; and that the greatest weight was given to the income approach in reaching his opinion of value.

8. The Commission, having considered all three-appraisal methods, determines that while the income approach is preferred when valuing income-producing property, a combination of the approaches should be utilized as long as the income approach is given the greatest weight.

9. Alamance County did not properly appraise Taxpayer's property in accordance with its schedule of values, standards, and rules effective as of January 1, 2001.

10. The value assigned by the County Board to Taxpayer's property did **substantially** exceed the true value in money of the subject property.

11. The true value in money of the subject property was \$2,880,000, as of January 1, 2001.

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

1. The Commission has jurisdiction to hear this appeal and correct any assessment of real property that is shown to be based upon an arbitrary or illegal method of valuation and the valuation substantially exceeds the true value in money.

2. In North Carolina, property must be valued for ad valorem tax assessment purposes at its "true value in money," which is statutorily defined as "market value." Specifically, N.C. Gen. Stat. § 105-283 provides that:

"All property, real and personal, shall as far as practicable be appraised or valued at its true value in money. When used in this Subchapter, the words "true value" shall be interpreted as meaning market value, that is 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 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."

3. Ad valorem assessments are presumed to be correct. In order for the taxpayer to rebut the presumption of correctness, the taxpayer must prove that the County employed an arbitrary or illegal method of valuation and that the assessment of the subject property substantially exceeded the true value in money of the subject property.

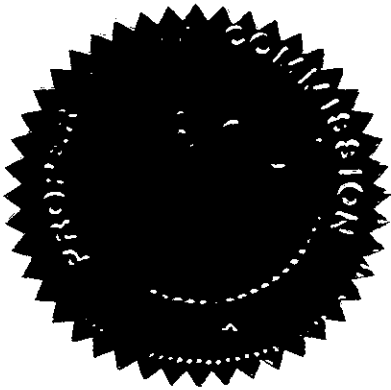
4. The Taxpayer did produce competent, material and substantial evidence to show that the County used an arbitrary or illegal method of appraisal as to the subject property.

5. The Taxpayer did produce competent, material and substantial evidence to show that the County Board assigned a value that **substantially** exceeded the true value in money of the subject property.

6. The true value in money of the subject property was \$2,880,000, as of January 1, 2001.

**BASED UPON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW THE COMMISSION THEREFORE, ORDERS, ADJUDGES AND DECREES** that the decision of the 2001 Alamance County Board of Equalization and Review assigning a total value of \$4,813,953 to the subject property is hereby **MODIFIED**, and the County shall revise its tax records as may be necessary to reflect the Findings of Fact and Conclusions of Law of the Commission, assigning a total value of \$2,880,000 to Taxpayer's property, effective January 1, 2001.

NORTH CAROLINA PROPERTY TAX COMMISSION



*Terry L. Wheeler*

Terry L. Wheeler, Chairman

Vice Chairman Cope and Commission members Wilmoth and Young concur. Commissioner Raynor respectfully dissents.

ENTERED: May 1, 2003

ATTEST:

*Janet L. Shires*  
Janet L. Shires, Secretary