

STATE OF NORTH CAROLINA

WAKE COUNTY

IN THE MATTER OF:
THE APPEAL OF:

**Ramamadhavi and
Kishorekumar Aluri**

BEFORE THE PROPERTY TAX COMMISSION
SITTING AS THE STATE BOARD OF
EQUALIZATION AND REVIEW
16 PTC 0044

FINAL DECISION

from the decision of the
Mecklenburg County Board
of Equalization and Review
regarding the valuation of
real property for tax year 2015.

This Matter came on for hearing before the 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 Wednesday, January 11, 2017, pursuant to the appeal of **Ramamadhavi and Kishorekumar Aluri** (“Taxpayers or Appellants”). Appellants are appealing the decision of the 2015 Mecklenburg County Board of Equalization and Review (“County Board”) regarding the valuation of certain real property for tax year 2016.

Chairman William W. Peaslee presided over the Wednesday, January 11, 2017 hearing with Vice Chairman Terry L. Wheeler and Commission Members Jack C. (Cal) Morgan, III, David A. Smith, and Alexander A. Guess participating.

Ramamadhavi and Kishorekumar Aluri appeared at the hearing *pro se*; Robert S. Adden, Jr., with the law firm of Ruff, Bond, Cobb, Wade & Bethune, LLP, appeared at the hearing on behalf of Mecklenburg County.

STATEMENT OF THE CASE

The property under appeal is a residential lot improved with a home that is located at 3720 Franklin Meadows Drive, Matthews, North Carolina. Mecklenburg County identifies the property as Parcel #231-095-42. A new home was constructed on this parcel in 2014. The Taxpayers’ purchased the property on December 1, 2014 and appealed the 2015 value to the Board of Equalization and Review (“BOER”), which heard the matter on December 3, 2015 and entered a Decision dated January 12, 2016, determining the value of the subject property to be \$330,900 for tax year 2015. Thereafter, the Taxpayers challenged the County Board’s decision by filing a Notice of Appeal and Application for Hearing with the Commission.

In the Notice of Appeal and Application for Hearing, Taxpayers contend that the value of the subject property should be \$276,662. As such, Appellants contend that the County Board’s value of \$330,900 substantially exceeds the subject property’s true value in money. Mecklenburg County contends that its appraisal of the subject property was in accordance with

its duly adopted schedule of values, standards and rules for the countywide appraisal, and the value of \$330,900 should be affirmed.

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, 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 Appellants carry their burden of presenting competent, material and substantial evidence tending to show that:
 - (a). Mecklenburg County employed an arbitrary or illegal method of appraisal in reaching the property tax value for Appellants' property;
 - and
 - (b). The County Board assigned a value that is substantially greater than the true value of the subject property for the year at issue?
2. If the above issues are answered in the affirmative, then what was the true value in money of the subject property for the year at issue.
3. did Mecklenburg County demonstrate that its appraisal methodology produced a 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 evidence?⁴

FROM APPELLANTS' NOTICE OF APPEAL AND APPLICATION FOR HEARING FILED IN THIS MATTER, AND EVIDENCE PRESENTED, THE COMMISSION MAKES THE FOLLOWING FINDINGS OF FACT:

1. The property under appeal is a residential lot improved with a home that is located at 3720 Franklin Meadows Drive, Matthews, North Carolina. Mecklenburg County identifies the property as Parcel #231-095-42.
2. A new home was constructed on this parcel in 2014. The Taxpayers' purchased the property on December 1, 2014 and appealed the 2015 value to the Board of Equalization and Review ("BER"), which heard the matter on December 3, 2015

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

² Id.

³ 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).

and entered a Decision dated January 12, 2016, determining the value to be \$330,900 for tax year 2015. Thereafter, the Taxpayers challenged the County Board's decision by filing a Notice of Appeal and Application for Hearing with the Commission.

3. At the hearing, Taxpayers contend that the total value of their property should be \$276,662, which is less than the County Board's assigned value of \$330,900. The Taxpayers argue that the assessed value exceeds the true value of their property because the comparable properties and Qualified Sales Report of 2011 used by Mecklenburg County resulted in an arbitrary appraisal method that produced a value that substantially exceeded the true value of this subject property for the year 2015.⁵
4. The evidence presented by the Taxpayers consisted of testimony establishing that the following: (a) the subject residence is the third house from the busiest street, that is east of the busiest street called Weddington Road; (b) the subject residence is part of a subdivision where there are two phases, phase I, which is Mecklenburg County and phase II, which is in Union County; and (c) the subject residence on the borderline, which is very close to the borderline of Union County. Further testimony showed that Taxpayers' home has a big pond behind the property⁶
5. In addition, at the hearing, the Taxpayers offered an excel spreadsheet to show that Mecklenburg County's assessment of \$330,900 for the subject property substantially exceeded the true value of the property by showing the following: (a) the Taxpayers' used three comparables (i.e. size and location), and then determined the sales prices of those properties were \$276,000, \$276,500, and \$282,000, as of the date of the general reappraisal (January 1, 2011). Based on this evidence, the Taxpayers considered the values of the three comparison homes with the same square footage, and then applied the average price of the three homes to their home with a total 3,570 square feet to arrive at a market value of \$278,467 for the subject property as of January 1, 2011.
6. Further evidence presented by the Taxpayers at the hearing showed that the average price per square footage (i.e. \$75.45 and \$76.84), and the new homes that sold in 2010 had an average price per square footage \$76.14. When applying the average price per square footage \$76.14 to the square footage of the of the subject property, the Taxpayers determined the market value of the property to be \$271,820.
7. Taxpayers did present evidence tending to show that Mecklenburg County employed an arbitrary method of appraisal in reaching the property tax value for their property; and that the County Board assigned a value that is substantially greater than the true value of the subject property for the year at issue when the considering Mr. Aluri's testimony and his excel spreadsheet that showed the

⁵ Oral testimony of Mr. Ramamadhavi Aluri and his hearing exhibits.

⁶ Id.

comparable properties as to size and location and then comparing those sales to arrive at an opinion of value of \$276,662.

8. When the Commission denied Mecklenburg County's motion to dismiss the subject appeal at the close of Taxpayers' evidence, Mr. Lloyd Salter was called to testify at the hearing.⁹ Mr. Salter testified at the hearing that he was familiar with the subject property and when examining Mecklenburg County's exhibits, Mr. Salter discussed the county's property record card for the subject property; in particular, Mr. Slaughter pointed out where the patio was located, the garage, finished and unfinished items, which all have value. Mr. Salter also reviewed the County's other exhibits; namely, the (1). 2015 property record card for the subject property (\$330,900; (2). Photos of subject property; (3). Aerial photo and map of the subject property; (4). Map showing land values of subject and neighboring parcels; (5). Map showing effective age and grades for the subject and neighboring parcels; (6). Land line report showing subject and neighboring parcels; (7). Residential improvement report showing subject and neighboring parcels; and (8). Qualified sale report for the neighborhood.
9. Mecklenburg County did not consider certain relevant factors, as required by N.C. Gen. Stat. § 105-317 when it assessed the property located at 3720 Franklin Meadows Drive, Matthews, North Carolina at a total value of \$330,900.
10. After the Taxpayers presented competent, material, and substantial evidence tending to show that Mecklenburg County used an arbitrary or illegal method to assess their property; and that total value of \$330,900 assessed to the property by County Board substantially exceeded the true value in money, the burden then shifted to Mecklenburg County. When the burden shifted to Mecklenburg County, the County did not demonstrate that its appraisal methodology produced a 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 evidence.

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

1. A county's *ad valorem* tax assessment is presumptively correct.⁷ 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.⁸

⁹ Mr. Salter is the appeals manager for Mecklenburg County.

⁷ *In re Amp, Inc.*, 287 N.C. 547, 563, 215 S.E.2d 752, 762 (1975).

⁸ *Id.*

2. Taxpayers did present competent, material, and substantial evidence tending to show that Mecklenburg County used an arbitrary or illegal method to assess their property and that total value of \$330,900 assessed to the property by County Board substantially exceeded the true value in money. Once the burden shifted, Mecklenburg County did not demonstrate that its appraisal methodology produced a 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 evidence.

THE COMMISSION THEREFORE ORDERS AND DECREES that the decision of the County Board assigning a total value of \$330,900 to the subject property is Modified; and Mecklenburg County is instructed to adjust the tax records to reflect the Findings of Fact and Conclusions of Law of the Commission determining that the true value of the subject property was \$276,662 for the year at issue.

The Commission deliberated and reached the decision in this appeal on Wednesday, January 11, 2017.

NORTH CAROLINA PROPERTY TAX COMMISSION



William W. Peaslee, Member⁹

Commission Members Morgan, Smith and Guess concur. Vice Chairman Wheeler respectfully dissents.

Entered: 8-8-17

ATTEST:

Stephen W. Pelfrey, General Counsel

⁹ Mr. Peaslee is a member of the Commission upon entry of the final decision.