

Reporting to the NCDOR

TR-1 & TR-2, AV-50, AV-8,
Sales Ratio Study, Discount Rates
and other reports

Reports Required by Statute

- TR-1 / TR-2 Forms
 - Statute - **NCGS 105-472, NCGS 105-256 (b) & 105-2921(e)**
 - Due Date – February 1st.
 - Who can sign – Anyone can sign.
 - What is it for – Used to allocate Sales Tax back to the local governments as well as generating statistical reports.
 - Penalty for Not Sending - A county (or municipality) that fails to send this form may be left out of their sales tax distribution.

Reports Required by Statute

- AV50 / AV50A
 - Statute - **NCGS 105-282.1(d)**
 - Due Date – On or before November 1st.
 - Who can sign – No signature required.
 - What is it for – Tracks the total amount of property being exempted or excluded within the county and municipalities.

Reports Required by Statute

- AV-8
 - Statute - **NCGS 153A-150**
 - Due Date – Within (10) business days of the adoption of your county's annual budget ordinance. .
 - Who can sign – No signature required.
 - What is it for – Details your reappraisal budget and helps you keep up with making sure there are enough funds sets aside for your next reappraisal.

Reports Required by Statute

- Sales Assessment Ratio Study
 - Statute - **NCGS 105-284**
 - Due Date – On or before April 15th.
 - Who can sign – No signature required (not an actual form).
 - What is it for – Tracks the assessment level. Used for equalization of PSC, Mandatory Reappraisal, Reappraisal Standards and Critical School Fund.

Other Reports to be submitted by the Counties

- Discount Rates
- Resolutions
- Random Sample Audit – Reappraisal Standards

TR Reports

Annual County & Municipal Certification
of Valuation and Property Tax Levies

What are the TR forms used for?

- To calculate the % of distributions for Sales and Use Tax to a county and their municipalities (Per Ad Valorem Counties)
 - Approximately 3 Billion is distributed each year from sales and use tax.
- To calculate the % of distributions for Utilities Sales Tax to a county and their municipalities (All Counties – this changed in 2014).
- To create various reports that show statistics of counties & municipalities – such as total RP, PP, PSC, etc.
- Reports are used by the General Legislature for Policy Making
- Some of these reports created by the TR Forms are used by other State Agencies to distribute funds – For example Critical School Fund by the Department of Public Instruction.

Timeline: 2017 TR-1 & TR-2 Forms

- The 2017 TR-1 & TR-2 forms are due February 1, 2018

What's reported on the forms?

- **Section I**
 - **Property Values (Real & Personal) as of 1/1/2017**
(exception, registered motor vehicles valued throughout the year)
 - **The related levy for the for the 2017 Fiscal Year (July 2017 – June 2018)**
(amounts billed by 12/31/2017)
- **Section II**
 - **Collections of Local Taxes**

TR1 & TR2 Challenges

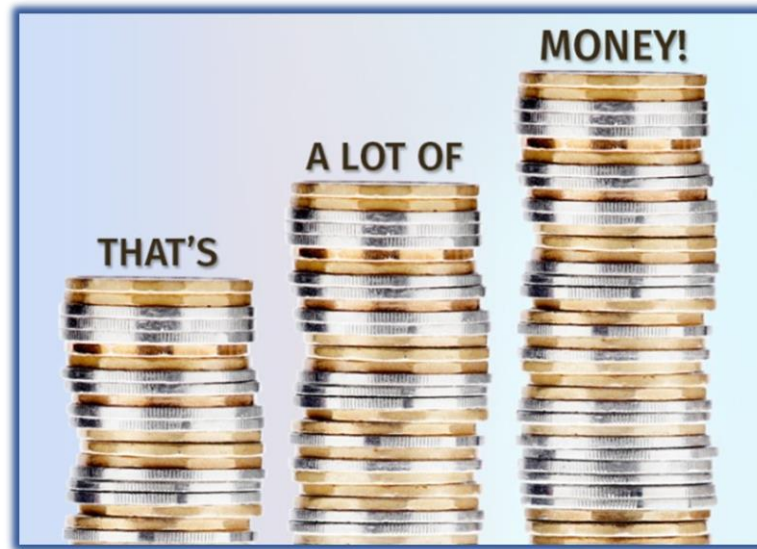
- This happens once a year. We need to re-train ourselves each time!
- Turnover in County and Municipality Offices
- Communication between Counties and Municipalities
- System Limitations – Ability to run reports for the needed data
- Inconsistent Systems & reporting requirements

Total Sales Tax Distributed for FY2016

Local Government Sales & Use Tax

Art. 39 1%	Art. 40 1/2%	Art. 42 1/2%	Art. 43 1/2%	Art. 44 1/2%	Art. 45 1%	Art 46 1/4%
\$1,331,124,646	\$665,570,154	\$658,719,541	\$117,160,775	\$358,853	\$29	\$92,862,329

\$2.9 Billion!!!



Per Capita vs. Ad Valorem Method

- Per Capita Method – The county population is added to the population of the municipalities to create a total population. This amount divided into each area gives a % to use to allocate the sales tax.
- Ad Valorem Method – The levy of the county is added to the levies of the municipalities to create a total levy. This amount divided into each area gives a % to use to allocate the sales tax.
- Per NCGS 105-472, the County Commissioners can determine which method they wish to choose.
- The County Commissioners must make any changes prior to April 1st of the affected fiscal year.

Per Capita vs Ad Valorem Method

Per Capita			Per Ad Valorem		
Jurisdiction	Population	%	Jurisdiction	Levies	%
County	100,000	80%	County	2,000,000	83.3%
Munis 1	20,000	16%	Munis 1	250,000	10.4%
Munis 2	3,000	2.4%	Munis 2	100,000	4.2%
Munis 3	2,000	1.6%	Munis 3	50,000	2.1%
Total	125,000	100%	Total	2,400,000	100%

Ad Valorem Counties (47)

BLADEN	HALIFAX	PAMLICO
BUNCOMBE	HARNETT	PASQUOTANK
CABARRUS	HENDERSON	PERSON
CARTERET	HERTFORD	RUTHERFORD
CASWELL	JACKSON	SCOTLAND
CHOWAN	JOHNSTON	STOKES
CLAY	JONES	TRANSYLVANIA
CLEVELAND	LEE	TYRRELL
CRAVEN	LENOIR	UNION
DARE	MACON	VANCE
FORSYTH	MARTIN	WASHINGTON
FRANKLIN	MCDOWELL	WATAUGA
GASTON	MECKLENBURG	WAYNE
GRAHAM	MITCHELL	WILSON
GREENE	NEW	YADKIN
GUILFORD	ONSLow	

Per Capita Counties (53)

ALAMANCE	DAVIDSON	PENDER
ALEXANDER	DAVIE	PERQUIMANS
ALLEGHANY	DUPLIN	PITT
ANSON	DURHAM	POLK
ASHE	EDGECOMBE	RANDOLPH
AVERY	GATES	RICHMOND
BEAUFORT	GRANVILLE	ROBESON
BERTIE	HAYWOOD	ROCKINGHAM
BRUNSWICK	HOKE	ROWAN
BURKE	HYDE	SAMPSON
CALDWELL	IREDELL	STANLY
CAMDEN	LINCOLN	SURRY
CATAWBA	MADISON	SWAIN
CHATHAM	MONTGOMERY	WAKE
CHEROKEE	MOORE	WARREN
COLUMBUS	NASH	WILKES
CUMBERLAND	NORTHAMPTON	YANCEY
CURRITUCK	ORANGE	

What are the TR-1 & TR-2 Reports?

- TR-1 Report tracks the values and levies for the county and any districts that are part of the **County's Budget Ordinance**, as well as other taxes collected such as Gross Receipts and Occupancy tax.
- TR-2 Report tracks the values and levies for the municipality and any districts that are part of the **Municipality's Budget Ordinance**, as well as other taxes collected such as Gross Receipts and Occupancy tax.

TR-1 Form Page 1 – County Information

- Person Authorizing Form
- Person to Contact for Additional Information

TR-1 Form Page 2 - Assessed Values

- Real Estate

- Residential Real Property
- Commercial Property
- Industrial Property
 - Present Use Assessed Value less Deferred value

- Personal Property

- Business Personal Property
- Non Business Personal Property

- Public Service Company Values

(these value exclude registered motor vehicles assessed through NC DMV)

TR-1 Form Page 3 - County-Wide Ad Valorem Levy

1. County Wide Levy:

- Excluding:
- a. Vehicles registered & taxed through DMV
 - b. Special taxes, i.e. animal licenses, occupancy, etc.
 - c. Discovered Properties (reported below)
 - d. Special District Taxes (reported on page 4)

2. Late Listings and Discovered Properties

3. Penalties on Late Listings and Discovered Properties

4. Releases & Refunds of Current Year Levies

TR Form Pages 4 & 5

Special School and Other District Taxes

- Special School District Taxes
- Special District Taxes other Than Schools
 - A. County Fire Districts
 - B. County Special Service Districts

TR Form Page 5a

Registered Motor Vehicles (Legacy System)

Value & Levies

A. County Wide

B. Municipal Levies

This data can be accessed through NCVTS

TR Form Pages 6 & 7 – Local Taxes

- A. Licenses (marriage, animal/pet, miscellaneous)
- B. Gross Receipts on Short-Term Leases or Rentals (vehicles & heavy equipment)
- C. Local Occupancy Tax
- D. Local Meals Tax
- E. Local Land Transfer (7 counties)
- F. Excise Tax on Conveyances

AV-50 & AV-50A

Annual Report of Tax Relief

AV50 & AV50A – FAQ's

- The AV Form is due annually on or before November 1st. (NCGS 105-282.1(d))
- AV-50 tracks all exemptions & exclusions within the county.
- AV-50A tracks all exemptions & exclusions within the municipalities of a county.
- In theory – these totals should match the exempted values from the TR forms.

Form AV-50

Annual Report of Tax Relief

Click Here--Select County!		LOCATED IN A MUNICIPALITY			LOCATED IN THE COUNTY ONLY		
Click Here--Select Fiscal Year!		(Complete Form AV-50A For Each City or Town)			(Located in the County but NOT in a Municipality)		
See instructions for explanations of categories.		REAL	PERSONAL	SUBTOTAL	REAL	PERSONAL	SUBTOTAL
Exclusion / Exemption (Values)							
01.0	Governmental (Federal, State, Local)	-	-	-			-
02.0	Educational (Non-governmental)	-	-	-			-
03.0	Educational (Religious)	-	-	-			-
04.0	Religious	-	-	-			-
05.0	Charitable-Hospital Property	-	-	-			-
06.0	Charitable-Homes for the Aged, Sick, and Infirm	-	-	-			-
07.0	Charitable-Low and Moderate Income Housing	-	-	-			-
08.0	Charitable-All others	-	-	-			-
09.0	Scientific, Literary, and Cultural	-	-	-			-
10.0	Builder's Inventory Exemption	-	-	-			-
10.1	All Other Exemptions	-	-	-			-

AV-50 cont.

11.0	Continuing Care Retirement Centers	-	-	-			-
12.0	Use Value (Deferred Amount For Current Year Only)	-	-	-			-
12.1	Wildlife Conservation (Deferred Amt for Current Year Only)	-	-	-			-
12.2	Infrastructure Land Site	-	-	-			-
13.0	Elderly and Disabled	-	-	-			-
13.1	Disabled Veteran Exclusion	-	-	-			-
14.0	Pollution Abatement and Recycling	-	-	-			-
14.1	Builder's Deferral (Deferred Amt for Current Year Only)	-	-	-			-
15.0	American Legion, DAV, Lodges, etc.	-	-	-			-
16.0	Medical Care Commission Bonds	-	-	-			-
17.0	Solar Energy Electrical System (Report only the 80% that is excluded.)	-	-	-			-
18.0	All Other Exclusions	-	-	-			-
		Municipal Value Total		-	County Value Total		-
Line	Deferral (Taxes)						
19.0	Circuit Breaker (Levy Amount)	-	-	-			-

AV -50 Actual Form (Excel)

Annual Report of Tax Relief Granted by Exemption or Exclusion [As Required by N.C.G.S. 105-282.1(d)] Due to NCDOR by November 1 of Each Year									
Click Here--Select County! Click Here--Select Fiscal Year!		LOCATED IN A MUNICIPALITY (Complete Form AV-50A For Each City or Town)			LOCATED IN THE COUNTY ONLY (Located in the County but NOT in a Municipality)			LINE TOTALS	
See instructions for explanations of categories.		REAL	PERSONAL	SUBTOTAL	REAL	PERSONAL	SUBTOTAL		
Exclusion / Exemption (Values)									
01.0	Governmental (Federal, State, Local)	-	-	-	-	-	-	-	
02.0	Educational (Non-governmental)	-	-	-	-	-	-	-	
03.0	Educational (Religious)	-	-	-	-	-	-	-	
04.0	Religious	-	-	-	-	-	-	-	
05.0	Charitable-Hospital Property	-	-	-	-	-	-	-	
06.0	Charitable-Homes for the Aged, Sick, and Infirm	-	-	-	-	-	-	-	
07.0	Charitable-Low and Moderate Income Housing	-	-	-	-	-	-	-	
08.0	Charitable-All others	-	-	-	-	-	-	-	
09.0	Scientific, Literary, and Cultural	-	-	-	-	-	-	-	
10.0	Builder's Inventory Exemption	-	-	-	-	-	-	-	
10.1	All Other Exemptions	-	-	-	-	-	-	-	
11.0	Continuing Care Retirement Centers	-	-	-	-	-	-	-	
12.0	Use Value (Deferred Amount For Current Year Only)	-	-	-	-	-	-	-	
12.1	Wildlife Conservation (Deferred Amt For Current Year Only)	-	-	-	-	-	-	-	
12.2	Infrastructure Land Site	-	-	-	-	-	-	-	
13.0	Elderly and Disabled	-	-	-	-	-	-	-	
13.1	Disabled Veteran Exclusion	-	-	-	-	-	-	-	
14.0	Pollution Abatement and Recycling	-	-	-	-	-	-	-	
14.1	Builder's Deferral (Deferred Amt For Current Year Only)	-	-	-	-	-	-	-	
15.0	American Legion, DAV, Lodges, etc.	-	-	-	-	-	-	-	
16.0	Medical Care Commission Bonds	-	-	-	-	-	-	-	
17.0	Solar Energy Electrical System (Report only the 80% that is exclude 4.)	-	-	-	-	-	-	-	
18.0	All Other Exclusions	-	-	-	-	-	-	-	
		Municipal Value Total			-	County Value Total		-	
									Grand Total
Line	Deferral (Taxes)								
19.0	Circuit Breaker (Levy Amount)	-	-	-	-	-	-	-	

AV-8

Annual Report of Octennial
Revaluation Budget Reserve

Form AV-8

- The AV-8 is due within (10) business days of the adoption of your county's annual budget ordinance. (NCGS 153A-150)
- The AV-8 details your reappraisal budget and helps you keep up with making sure there are enough funds sets aside for your next reappraisal.
- The AV-8 also helps us track your status towards your next reappraisal. If our staff sees anything alarming, we will reach out to you regarding this.

AV-8

<http://www.dornc.com/downloads/property.html>

2. CURRENT INFORMATION ON TAX PARCELS

As of this filing, how many total tax parcels does the county have?
Of the total, how many are exempted or totally excluded from taxation?

3. PROJECTIONS FOR NEXT REAPPRAISAL

Effective date of next reappraisal will be January 1 of what year?¹
Number of years in reappraisal cycle
How many tax parcels does the county expect to have at the time of the next reappraisal?

0

What is the expected total cost of the next reappraisal?²

--

Estimated total cost per parcel

N/A

If any of the total cost will be contracted, enter that amount here =====>

Contracted costs ³	In-House costs
	\$ -
0	0
0	

Average estimated amount required per year of reappraisal cycle

Total average estimated amount required per year of reappraisal cycle

AV-8

<http://www.dornc.com/downloads/property.html>

4. REAPPRAISAL BUDGET RESERVE INFORMATION

	Contracted costs	In-House costs
Total expected costs	\$ -	\$ -
Budget information for contracted costs		
Current balance in reappraisal reserve fund		
Amount budgeted for upcoming fiscal year		
Total amount budgeted through upcoming fiscal year	\$ -	
Balance remaining to be budgeted by next reappraisal	\$ -	
Budget information for in-house costs		
Total amount budgeted for previous years		
Amount budgeted for upcoming fiscal year		
Total amount budgeted through upcoming fiscal year		\$ -
Balance remaining to be budgeted by next reappraisal		\$ -

Please enter any comments here:

¹If reappraisal date has been advanced under GS §105-286, a copy of the resolution must be filed with the Department of Revenue

²Include all annual in-house reappraisal costs, multiplied by number of years in reappraisal cycle

³Including additional temporary staff

Sales Assessment Ratio Study

Sales Assessment Ratio Studies

- Sales Assessment Ratio Studies are to be conducted annually by the NCDOR (Per NCGS 105-284)
- The NCDOR ask for assistance from the counties in conducting this study.
- The ratios can be used for equalization of PSC as well as for mandatory reappraisal advancement (NCGS 105-286(2)).
- The study is always based on the value of January 1 with the sales from the previous year.
 - Example: Values as of January 1, 2018 with sales from (1/1/17 – 12/31/17)

Sales Assessment Ratio Studies

- Equalization –

- If during the reappraisal year or 4th year or 7th year after the reappraisal the county's ratio is below 90%, equalization will occur.
- This means we multiply the weighted ratio times the PSC value to come up with an equalized value. Essentially the PSC value is being lowered in your county.

- Mandatory Reappraisal Advancement –

- If your county's ratio falls below 85%, you have (3) years to conduct your next reappraisal. (NCGS 105-286(2))
- Example – County's 2017 ratio is 84.75, by law their next reappraisal must be conducted prior to January 1, 2020.

Discount Rates and Other Documents

Discount Rates

- A discount rate may be created for paying your taxes early. (NCGS 105-360(c))
- To create a new discount rate, remove a discount rate, or change the discount rate, the county or municipality must adopt a resolution. The resolution must be submitted to the NCDOR for approval by May preceding the due date.
- Upon approval, by the NCDOR – the county or municipality must publish this discount at least once in some newspaper having general circulation
- Resolution once approved, stays in effect until appealed.

Change in Reappraisal Dates

- Reappraisal Advancement – All counties should have a resolution on file saying when their next reappraisal will be as well as what cycle they will be on going forward.
- A copy of this resolution should have been filed with the NCDOR as well.
- If a county ever chooses to advance their reappraisal or delaying their reappraisal, a new resolution must be adopted.
- A copy of this resolution must promptly forward a copy of this resolution to the NCDOR. (NCGS-105-286(3))

Random Sample Audit

- Reappraisal Standards – Random Sample Audit
 - Due either 3 years before your next reappraisal (4 Year Cycle Counties) or 4 years before your next reappraisal (5 – 8 Year Cycle Counties).

Questions ?