

STATE OF NORTH CAROLINA
COUNTY OF WAKE

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

IN THE MATTER OF THE APPEAL OF:

DAVID BULLOCK,
Appellant

18 PTC 0205

From the decision of the Onslow County
Board of Equalization and Review
concerning the valuation of certain real
property for tax year 2018

FINAL DECISION

This matter came on for hearing 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 on Wednesday, January 9, 2019, pursuant to the Appellant’s appeal from the decision of the Onslow County Board of Equalization and Review (“Board”).

Chairman Robert C. Hunter presided over the hearing, with Vice Chairman Terry L. Wheeler and Commission Members William W. Peaslee, Alexander A. Guess, and Charles W. Penny participating.

Attorney Brett J. DeSelms appeared on behalf of Onslow County (“County”). The Appellant appeared *pro se*.

STATEMENT OF THE CASE

The property under appeal is a parcel improved with a single-family residence and located at 1356 Chadwick Shores Drive, Sneads Ferry, North Carolina, and is identified by the County as Parcel No. 047685. The County conducted its most recent countywide reappraisal with an effective date of January 1, 2018.

The Appellant disputed the January 1, 2018 assessed value of the property, and appealed said value to the Onslow County Board of Equalization and Review (“Board”). On May 7, 2018, the Board determined the value of the property to be \$241,830, and mailed notice of its decision to the Appellant on May 18, 2018. The Appellant appealed the decision of the Board by filing a Notice of Appeal and Application for Hearing with the Commission on June 15, 2018, in which the Appellant stated his opinion that the true value of the subject property was actually \$226,788.

ANALYSIS AND ISSUES

A county's ad valorem tax assessment is presumed to be correct.¹ A taxpayer may rebut this presumption by producing "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 N.C. Gen. Stat. §105-283 requires all taxable property to be valued for tax purposes at its "true value," as that term is defined in the same section.

If the taxpayer produces the evidence required to rebut the presumption, then 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. Whether the Appellant carried his burden of producing competent, material and substantial evidence tending to show that:
 - (a) The County employed an arbitrary or illegal method of valuation in determining the assessed value of the Appellant's property; and
 - (b) The assessed value substantially exceeded the true value of the property for the year at issue.
2. If the Appellant produced the evidence required to rebut the presumption, then whether the County demonstrated that its appraisal methods produced a true value for the property, considering the evidence of both sides; its weight and sufficiency and the credibility of witnesses; the inferences drawn therefrom; and the appraisal of conflicting and circumstantial evidence.⁴

FROM THE EVIDENCE PRESENTED AND ALL DOCUMENTS OF RECORD, THE COMMISSION MAKES THE FOLLOWING FINDINGS OF FACT:

1. At the hearing, the Appellant testified that he purchased the subject property in 2017, and that the County had appraised the property at that time at approximately \$218,000. The Appellant further testified that the property was reappraised at a value of approximately

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

² *Id.* (capitalization and emphasis in original).

³ *In re Appeal of S. Ry. Co.*, 313 N.C. 177, 323 S.E.2d 235 (1985). *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.204 (2010).

⁴ *In re Parkdale Mills*, 225 N.C. App. 713, 741 S.E.2d 416 (2013).

\$241,000 pursuant to the January 1, 2018 reappraisal. The Appellant testified as to his opinion that the difference in value of approximately \$23,000 was excessive, since he believed that most homes in his neighborhood had experienced a reduction in tax value pursuant to the January 1, 2018 reappraisal.

2. The Appellant further testified that, while the excise tax stamps affixed to the recorded deed to him for the subject property indicated a sale price of \$238,500, as shown on the closing statement for the transaction, he had actually paid only \$226,500 for the property, and that the builder had written him a check for the difference. During further questioning by the Commission, the Appellant recanted this testimony, stating that he had not actually received a check from the builder, and further stating, "I shouldn't have said that."
3. The Appellant returned to his testimony regarding the relative tax value changes in his neighborhood pursuant to the January 1, 2018 reappraisal, offering examples of properties that he testified had sold in 2017, and for which the tax values had been reduced pursuant to the January 1, 2108 reappraisal, all without explanation to him from the County as to why the values had changed differently, or as to the methodology that the County had used in determining the new values.
4. The Appellant testified further that the ratio of assessed value to sale price ("sales ratio") for various properties in his neighborhood was not the same for each individual property in the neighborhood.
5. Both during questioning by the Commission and during cross-examination, the Appellant testified that his estimate of the actual value of the subject property was "pretty close to \$220,000," and that this estimate was based solely on the tax value of the property during the prior reappraisal cycle.
6. The County's witness, Appraiser Supervisor Kevin Turner, was tendered as an expert witness in the ad valorem appraisal of real property, and was so qualified without objection. Mr. Turner testified that mass appraisal techniques typically did not produce values that exactly reflect actual sale prices, because of the need to appraise all properties in a uniform manner.
7. Mr. Turner testified that the sales ratio would be 100% whenever the assessed value and sale price were the same, and that the median sales ratio for the Appellant's entire neighborhood was 99%, indicating a good overall correlation between the assessed values and recent sale prices. Mr. Turner further testified that the sales ratio for the Appellant's property was 101% based on the recorded deed excise tax stamps, but that, even if the

claimed actual sale price of \$226,500 were used, the sales ratio for the property would still only be 103%.

8. Mr. Turner testified as to the County's regular practice of researching recorded deeds to determine the legitimacy of the indicated sale price, and that the Multiple Listing Service had confirmed the reported sale price of \$238,500 for the subject property.
9. Mr. Turner further testified as to sales data for various properties from the Appellant's neighborhood that he (Turner) had determined to be comparable in terms of year built, grade, and heated square feet, and stated that the subject property was within the range of the comparable properties, in terms of both sale price and assessed value. He testified as to his opinion that some of the reason for variations within the neighborhood was that different builders, using different grades and types of materials, and even home plans, had built the homes in the subdivision.
10. Mr. Turner testified as to his opinion that the \$241,830 assessed value of the property represented the true value of the property as of January 1, 2018.

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

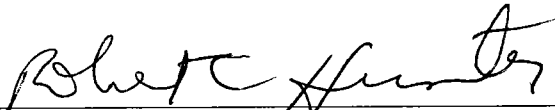
1. The Commission has jurisdiction over the parties and the subject matter of this appeal and has the authority to correct any assessment of real property when it is shown to be based upon an arbitrary or illegal method of valuation and that the valuation substantially exceeds the true value in money.
2. "True value" is defined in N.C. Gen. Stat. §105-283, and N.C. Gen. Stat. §105-317(a) provides specific elements of value that are to be considered when appraising real property in order to determine its true value.
3. The Appellant provided no evidence of the true value of the property under appeal, other than to state his opinion that the property should be assessed at approximately \$220,000, based on the property's tax value during the prior reappraisal cycle. His primary arguments were that his property's assessed value, pursuant to the January 1, 2018 reappraisal, should have either fallen in concert with some other properties within the neighborhood, or that it should have been unchanged from the value at which it was appraised during the prior reappraisal cycle.
4. Even if the Appellant produced sufficient evidence to overcome the presumption of correctness of the County's assessment, the County was able to demonstrate that its

methods produced true value by offering evidence that the subject property's true value was consistent with both the sale prices and assessed values of other properties in the subject's neighborhood; that the County's methods produced uniform appraised values that were consistent with actual sale prices; and that the subject property's assessed valued was consistent with the County's duly adopted Schedule of Values, Standards and Rules.

WHEREFORE, the Commission orders and decrees that the decision of the Onslow County Board of Equalization and Review, determining the true value of the subject property to be \$241,830, is hereby affirmed.



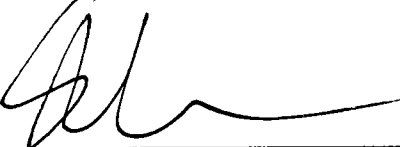
NORTH CAROLINA PROPERTY TAX COMMISSION



Robert C. Hunter, Chairman

Vice Chairman Wheeler and Commission Members
Peaslee, Guess and Penny concur.

ATTEST:



Stephen W. Pelfrey, Commission Secretary

Date Entered: 3/8/19