

# Benefits from Using the Billboard Structures Valuation Guide

2017 Advanced Personal Property Seminar

September 19, 2017

Sheraton Four Seasons Hotel

Greensboro, NC

# Panel Members

Jessica Danner – Swain County

Delenna Stiles – Cherokee County

Jennifer Williams – Vance County

Dave Duty – Moderator – NCDOR

Discussion Questions.....

Share with our audience one  
positive aspect of the Billboard  
Structures Valuation Guide---

Share with our audience one  
negative aspect of the BSVG---

How has using the BSVG impacted the county's revenue base compared to pre-2009 years when the old method was utilized?

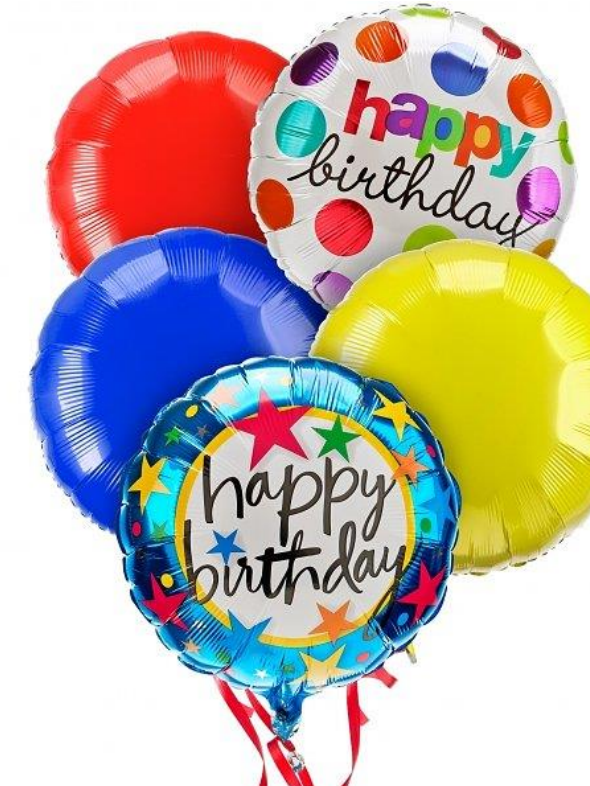
Share with our audience how your billboard owners have responded to the new methodology---

When considering the information within the BSVG, what data is missing or what additional information would you like to see?





HAPPY  
BIRTHDAY  
DEBRA !!!



If the NCDOR created a one-day 7-hour workshop to better educate county appraisers about the valuation of Billboards, would your county be interested in sending appraisers to it and why?

Is your county assigning a value using the income approach to a portion of the land where the billboard is erected? And if so, how is that process working for the county?

Does your county have billboards with digitized faces and if so, what challenges do you face when valuing these signs?

What types of valuation challenges does your county face due to the location of the sign, subsoil issues, zoning issues, or signs that deviate from the BSVG?

Has your county created any software upgrades that makes the valuation of billboards, using the NCDOR Manual, more efficient or more productive?

# Court Case of Interest

# North Carolina Court of Appeals: Interstate Outdoor, Inc. vs. Johnston County, 9-16-14

We affirm the Commission's decisions because Interstate failed to produce substantial evidence that the valuation method used by Johnston County was arbitrary or illegal.

The PTC found that Interstate failed to show that the quotes it used "included all the costs that make the property ready for its intended uses," or a substantial connection between the quotes and the actual costs of constructing the billboards at issue.



N.C.G.S. 105-291(g) authorizes the Department of Revenue to “develop and recommend standards and rules to be used by tax supervisors and other responsible officials in the appraisal of specific kinds and categories of property for taxation.” The Local Government Division of the Department of Revenue created a Billboard Structures Valuation Guide...

The use of schedules of values and rules of application not only makes the valuation of a substantial number of [pieces] of property feasible, but also ensures objective and consistent countywide property valuations and corollary equity in property tax liability.”

The impracticality of assessing each and every billboard based on the precise soil conditions at its base and wind load is a valid consideration for the county.

...it was not illegal or arbitrary for Johnston County to appraise Interstate's billboards in bulk. The method followed by Johnston County took into account the relevant properties of the billboards, such as their size, design, and age. Interstate has failed to show that the method prescribed by the Billboard Guide produces a value significantly higher than the true value.

# Land Valuation – Income Approach

# Land Valuation

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- The land portion of the billboard site is typically represented by a leasehold interest rather than fee simple. For assessment purposes, counties need to consider the value added to the site where the billboard is located based on the economic rent attributable to the land.

# Factors to Consider in Land Valuation

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- Market rents paid by outdoor advertising companies to landowners for billboard sites.
- Market rent of land in the area extrapolated into a leasehold value of a relatively small parcel.
- Differentiate between the different economic markets for billboards within the jurisdiction.

# Land Valuation Example

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- On December 1, 2007, Mr. Smith leases land located on Route 66 to ABC Advertising for \$2500.00 annually with a term of 5 years for a billboard site. The county's last reappraisal was effective for January 1, 2008. What is the value of the billboard site on January 1, 2009 using a 8% cap rate?

# Land Valuation - Answer

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- \$2500 = annual income
- Annual Income/Cap Rate = Site Value
- $\$2500 / .08 = \$31,250$  Site Value





# Summary















“DRAWS ATTENTION TO A MESSAGE BY BRINGING IT DIRECTLY TO THE CONSUMER”











*Chance*



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