

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:

**SUSAN YOUNGMAN,**  
**Appellant**

**17 PTC 0163**

From the decision of the Martin  
County Board of Equalization and  
Review concerning the valuation of  
certain real property for tax year 2017

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**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 Friday, November 17, 2017, pursuant to the Appellant’s appeal from the decision of the Martin County Board of Equalization and Review (“Board”).

Chairman Robert C. Hunter presided over the hearing, with Commission Members William W. Peaslee, Alexander A. Guess, and Charles W. Penny participating<sup>1</sup>.

J. Melvin Bowen, County Attorney for Martin County, appeared on behalf of Martin County (“County”). The Appellant appeared *pro se*.

**STATEMENT OF THE CASE**

The property under appeal is a single family residence located at 208 N. Front Street in Hamilton, North Carolina. The Appellant disputed the January 1, 2017 assessed value as determined by the County, and appealed said value to the Martin County Board of Equalization and Review (“Board”). On April 17, 2017, the Board determined the value of the property to be \$82,800, and mailed notice of its decision to the Appellant on May 16, 2017. The Appellant appealed the decision of the Board by filing its Notice of Appeal and Application for Hearing with

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<sup>1</sup> Vice Chairman Terry L. Wheeler did not participate in the deliberation of the final decision.

the Commission on June 15, 2017. In said Notice and Application, the Appellant stated the opinion that the true value of the property was actually \$25,819.

### ANALYSIS AND ISSUES

A county's ad valorem tax assessment is presumed to be correct.<sup>2</sup> 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".<sup>3</sup> 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.<sup>4</sup>

Under this analysis, the Commission must consider the following issues:

1. Whether the Appellant carried its 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.<sup>5</sup>

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

<sup>3</sup> Id. (capitalization and emphasis in original).

<sup>4</sup> 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.2d 204 (2010).

<sup>5</sup> In re Parkdale Mills, 225 N.C. App. 713, 741 S.E.2d 416 (2013).

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

1. The County's most recent general reappraisal was effective as of January 1, 2017.
2. At the hearing, the Appellant initially offered testimony and documentary evidence that the actual size of the subject property was 2,952 square feet, as opposed to the 2,984 square feet as shown on the County's Property Record Card ("PRC") for the subject property. The County stipulated during the hearing that 2,952 was the correct size of the property.
3. The Appellant offered testimony and documentary evidence that the property has various structural defects, including foundation issues, that were unrepaired as of January 1, 2017.
4. The Appellant offered evidence of the sale of four properties that were of an age similar to the subject; of wood frame construction like the subject; and located on the same street as the subject, all apparently within approximately three blocks of one another. Each sale took place within the six months prior to January 1, 2017. \$9.90 per square foot was a typical sale price for the four properties, and the Appellant testified as to her opinion that the property which sold for \$9.90 per square foot was the sale most similar to her property.
5. The Appellant also offered testimony and documentary evidence tending to show the general decline in population and commercial activity in Hamilton in the years leading up to January 1, 2017.
6. The County's witness, Martin County Tax Assessor Elisha Hardison, testified that she took minutes at the Board's hearings, and testified as to her minutes from the Board hearing for two of the properties offered by the Appellant as comparable to hers. She testified that the minutes reported the other owner's comments that her properties had the kitchens "torn out," that there were holes in the floors, and that "no one could live in them."
7. Ms. Hardison further testified that she had been inside the Jamesville property offered as comparable by the County, and that while Jamesville was about 40 miles from Hamilton, the two towns were similar and about equally distant from Williamston.
8. When asked by the Commission why the County had not considered the properties offered by the Appellant as comparable, Ms. Hardison replied, "I felt that they were not comparable—some were uninhabitable." When asked by the Commission specifically about 500 N. Front Street, the property indicated by the Appellant as most comparable, Ms. Hardison responded:

(Answer): It was not comparable due to condition.

(Question): Can't you adjust for condition?

A: Yes.

Q: But you didn't?

A: No.

9. The County offered evidence of the sale of nine properties that it considered to be comparable to the subject property, four of which were located outside of Martin County, two located in the county seat of Williamston, and only one of which was located in Hamilton. Although this sale occurred more than two years prior to January 1, 2017, the sale price translated to \$20.86 per square foot.
10. The County tendered Timothy Cain, who had conducted the 2017 reappraisal for the County, as an expert in appraisal; Mr. Cain was so qualified without objection.
11. Mr. Cain testified as to his opinion that historical properties were subject to a different and larger market area than typical modern properties, and that buyers for historical properties tended to both come from a wider area and search across a wider area.
12. When asked by the Commission what he meant by "historical," and whether, for example, this term applied to properties on an historic registry, or simply to old properties, Mr. Cain responded that the subject property was "on the registry." When asked whether other Hamilton homes were "on the registry," Mr. Cain replied, "Yes."
13. When asked by the Commission where the historical designation appeared on the PRC, Mr. Cain replied that it did not appear on the PRC, because "historical" was not a separate designation in the mass appraisal model used.
14. Mr. Cain testified as to his opinion that three of the four N. Front street properties offered as comparable by the Appellant were in poor to very poor condition.
15. Mr. Cain testified as to his opinion that Hamilton was a sort of bedroom community to Greenville, Williamston, and Tarboro, and was similar to Jamesville in terms of size and proximity to these more urban areas.
16. On cross examination, Mr. Cain was asked whether he knew that all of the N. Front Street properties offered by the Appellant as comparable were in the Hamilton historic district, to

which he responded, “Yes.” When asked whether he knew that only one house in the historic district was on an historical registry, he replied, “No.”

17. On rebuttal, the Appellant testified that Jamesville was closer than Hamilton to the company formerly known as Weyerhaeuser, which she described as a “major local employer,” and that, as a result, Jamesville was substantially different from Hamilton.
18. We are persuaded that the subject property is in significantly better condition than appears typical for the sales offered as comparable by the Appellant, but we are not convinced of the County’s vague description of the market for historical properties, and take note of the fact that, while the County argues the connection between the property’s historical nature and its market area and value, the County’s method does not account for the historical aspects of any property in determining its value. As a result, we believe that the true value of the subject property lies somewhere between each party’s stated opinion of value.
19. When considering what we determine to be the most comparable sale offered by each party as evidence of value (the single Hamilton sale offered by the County and the 500 N. Front Street sale offered by the Appellant), we find that neither comparable is a perfect fit, but the average sale price of these two comparable sales is \$15.38. That figure, multiplied by the stipulated 2,952 square feet, would result in a total value of \$45,401.76.

**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. A county’s ad valorem tax assessment is presumptively correct.<sup>6</sup> 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.<sup>7</sup>

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<sup>6</sup> *In re Amp, Inc.*, 287 N.C. 547, 215 S.E. 752 (1975).

<sup>7</sup> *Id.*

3. The Appellant offered competent, material, and substantial evidence that the Board's value of \$82,800 substantially exceeded the true value of the subject property, when the Appellant's evidence indicated that other nearby properties sold for substantially lower prices during the period of time relevant to the January 1, 2017 appraisal date.
4. "An illegal appraisal method is one which will not result in true value as that term is used in N.C. Gen. Stat. § 105-283...."<sup>8</sup> The Appellant offered competent, material, and substantial evidence that the County's appraisal method was illegal when the tax value was more than twice the value suggested by the Appellant's evidence.
5. The Appellant rebutted the presumption of correctness of the assessment of the subject property by the County when the Appellant offered competent, material, and substantial evidence that the County used an illegal appraisal method, and that the County's assessment of the subject property substantially exceeded its true value.
6. Since the Appellant rebutted the presumption of correctness, the burden then shifted to the County to demonstrate that its methods produced true values.
7. The County was not able to demonstrate that its methods in appraising the subject property produced true value when its witnesses did not articulate, either by testimony or by documentation, how it established the value of the historic nature of the property; how the relevant market area for the subject property was determined; or how actual sales in close proximity to the subject property could be adjusted in order to justify the County's value.

**WHEREFORE**, the Commission, by a 3-1 decision, herewith orders that the 2017 tax value of the subject property be changed to \$45,400, and that the Martin County abstracts and tax records be changed to give effect to this decision.



NORTH CAROLINA PROPERTY TAX COMMISSION

  
 Robert C. Hunter, Chairman

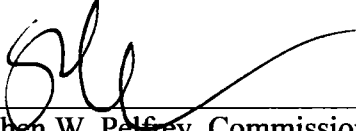
Commission Members Peaslee and Guess concur.

<sup>8</sup> In re Appeal of Southern Railway Co., 313 N.C. 177, 328 S.E.2d 235 (1985).

Commission Member Penny dissents without  
separate opinion.

Date Entered: 2/13/18

ATTEST:



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Stephen W. Pelfrey, Commission Secretary