

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:

ERIK M. WILLIAMS,
Appellant

20 PTC 0421

From the decision of the Wake County
Board of Equalization and Review for tax
year 2020

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, via Webex on Tuesday, May 18, 2021, pursuant to the Appellant’s appeal from the decision of the Wake 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 June W. Michaux participating.

Attorney Kenneth R. Murphy, III, appeared via Webex on behalf of Wake County (“County”). Appellant Erik M. Williams appeared via Webex *pro se*.

STATEMENT OF THE CASE

The property under appeal is a residential parcel of land improved with a single-family residence and located in Raleigh in the Anderson Pointe subdivision at 5100 Busted Rock Trail. The County identifies the subject property with Parcel ID #1733 38 6883. The County conducted its most recent countywide reappraisal with an effective date of January 1, 2020.

The Appellant disputed the January 1, 2020 assessed value of the property as determined by the County, and appealed said value to the Wake County Board of Equalization and Review (“Board”). On August 27, 2020, the Board determined the value of the property to be \$271,748, and the Appellant appealed the decision of the Board to the Commission. In the Notice of Appeal and Application, the Appellant stated his opinion that the true value of the property is actually \$224,000. In subsequent filings with the Commission and during the hearing, the Appellant offered his alternate opinion that the true value of the property is actually \$236,700.

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 [evaluation] of conflicting and circumstantial evidence.⁴

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

1. The Appellant's primary contentions are that the County's methodology is flawed by the County's use of square footage in calculating the value of the subject property's residence, and that the 2020 countywide reappraisal resulted in an increase of the subject property's value by approximately 1/3 of its prior assessed value.

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.2d 204 (2010).

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

2. In support of his objection to the County's consideration of square footage in appraising the subject property's residence, the Appellant offered four graphical depictions (Taxpayer Exhibit pages 4 through 6) of the relationship between square footage and sale price for properties that have sold within the Anderson Pointe subdivision. The Appellant contends that the relationship is insufficiently linear to be relied upon by the County in developing an appraised value for the subject property. We note here that each of the graphs offered by the Appellant appear to cover a varying range of sale dates, although there is no indication within the graphs that the time of the sale was given any consideration. There is also no indication that consideration was given to the relative similarities and differences among the properties included in the graphs. In short, the graphs appear to assume that neither time nor individual property characteristics have an impact of individual sale prices. In addition, we find the suggestion that there is little correlation between the size of a residence and its sale price to be illogical, or at least counterintuitive. Perhaps the relationship is actually not strictly linear, but in any event, the physical features of each property other than simply its size must be considered in evaluating its sale price. Accordingly, we give no weight to this portion of the Appellant's evidence.
3. In his review of properties suggested by the County as being comparable to the subject property (Taxpayer Exhibit page 8), the Appellant contended at the hearing that the County's adjustments to sale prices (based on factors such as time of sale, size and effective age of the residence, number of bathrooms, and additional features such as patios and decks) could not be verified. While there may or may not be a precise formula for the County's adjustments, the Appellant's own exhibit demonstrates that the County at least considered the relative similarities and differences among the properties that it compared to the subject property, whereas the Appellant appears to have given no consideration to these factors. Either way, the Appellant concedes that the County's adjustments might be reasonable, but expresses reservations at accepting them as presented because the adjustment process is not necessarily articulated in the Schedule of Values, Standards, and Rules adopted by the County for its 2020 reappraisal. The Appellant's initial burden is to offer evidence that the County's value is both arbitrary/illegal and substantially in excess of true value. Even if the Appellant doesn't necessarily agree with the County's adjustments, there is no evidence that they are wrong.
4. Although the Appellant's contention regarding the subject property's change in value from the prior reappraisal to the 2020 value is not discussed at length, we have previously found, and

find again here, that a property's change in value from one reappraisal cycle to another is not determinative evidence of the property's true value.

5. In determining his opinion of value for the subject property, the Appellant calculated the average sale price (\$236,700) of five properties that he believed are comparable to the subject property (Taxpayer Exhibit page 13). The Appellant made no adjustments to any of the sale prices for the time of the sale; for differences in size; for differences in age; or for differences in patios, decks, or other features. The Appellant characterized the properties as identical except for differences in size, explaining that he believed size to be an insignificant valuation factor, based on his evaluation of sales as described previously. We know of no credible sales comparison appraisal analysis that would purposely disregard the relative similarities and differences among the sold properties and the subject property, or of any such analysis that would discard the size of the property as irrelevant. Accordingly, we give no weight to the value of \$236,700 proposed by the Appellant to be the true value of the subject property.
6. At the close of the Appellant's evidence, the County moved to dismiss the Appellant's appeal, arguing that the Appellant had failed to meet his burden to produce competent, material and substantial evidence that the County's values were wither arbitrary or illegal, and substantially in excess of true value.

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. N.C. Gen. Stat. §105-317 "has been interpreted as authorizing three methods of valuing real property: the cost approach, the comparable sales approach, and the income approach."⁵
4. The Appellant provided no evidence regarding the income or cost approach, and offered only a list of property sales, without significant analysis or consideration, in support of his opinion of value. Accordingly, the Appellant has not carried his burden of producing competent,

⁵ *In re Greens of Pine Glen Ltd.*, 356 N.C. 642, 648, 576 S.E.2d 316, 320 (2003)

material and substantial evidence that the County's values were wither arbitrary or illegal, and substantially in excess of true value.

WHEREFORE, the Commission orders and decrees that the Appellant's appeal should be and is hereby dismissed, and the decision of the Wake County Board of Equalization and Review, determining the true value of the subject property to be \$271,748, is hereby affirmed.



NORTH CAROLINA PROPERTY TAX COMMISSION

Robert C. Hunter

Robert C. Hunter, Chairman

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

ATTEST:

Stephen W. Pelfrey

Stephen W. Pelfrey, Commission Secretary

Date Entered: 8.4.2021