

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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SENATE BILL 159\*  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S159-PCS35360-MC~~X~~-10

Short Title: Require Certain General Reappraisals. (Public)

Sponsors:

Referred to:

March 5, 2013

A BILL TO BE ENTITLED

1 AN ACT TO CORRECT GENERAL REAPPRAISALS RESULTING IN PROPERTY  
2 VALUES THAT DO NOT COMPLY WITH THE REQUIREMENTS OF NORTH  
3 CAROLINA LAW BY SETTING FORTH THE STEPS REQUIRED TO BRING THE  
4 GENERAL REAPPRAISAL INTO COMPLIANCE WITH THE APPLICABLE  
5 PROPERTY TAX MANDATES.  
6

7 Whereas, the Great Recession has had deleterious effects on the economy and  
8 especially on the housing market; and

9 Whereas, valuation data for a calendar year is used to determine market value for a  
10 general reappraisal as of January 1 of the following year; and

11 Whereas, there were a total of 3,825,637 foreclosure filings during the 2010  
12 calendar year, and 2.23% of all households were in some stage of foreclosure during 2010; and

13 Whereas, annual analysis of the housing market in North Carolina in 2011 shows  
14 tax assessments in nearly half of the counties in the State were higher, on average, than actual  
15 market values; and

16 Whereas, the General Assembly has previously required accelerated general  
17 reappraisals when sales values deviated too much from assessed values, but such countywide  
18 analyses can fail to properly account for pockets of improperly valued properties or where  
19 properties have values that offset improperly valued properties located elsewhere within the  
20 county; and

21 Whereas, these unique and extraordinary conditions have increased the difficulty of  
22 accurately appraising real property for tax purposes and increased the number of actual errors  
23 in conducting reappraisals; and

24 Whereas, independent evidence shows instances of high degrees of inequity in  
25 valuations among like properties of a type that is not acceptable by widely accepted mass  
26 appraisal standards; and

27 Whereas, independent evidence shows, among other things, that there exist concrete  
28 examples of erroneous valuations, for example, that resulted both from the values accepted as  
29 initial values and from other inequities produced during the property tax appeals process; and

30 Whereas, these examples prove the existence of errors that give rise to significant  
31 issues that must be addressed to resolve inequities among like and similar properties; and

32 Whereas, the General Assembly recognizes that the confluence of these issues  
33 arising during the time when general reappraisals of real property were occurring has resulted  
34 not only in a higher risk but in a higher incidence of assessed values failing to accurately and  
35 fairly reflect true market values; Now, therefore,

36 The General Assembly of North Carolina enacts:



\* S 1 5 9 - P C S 3 5 3 6 0 - M C X - 1 0 \*

1           **SECTION 1.** Notwithstanding G.S. 105-287, 105-325, 105-380, any provision of  
2 law restricting the time for which a change in appraisal or valuation may be made, or any other  
3 provision of Subchapter II of Chapter 105 of the General Statutes inconsistent with the  
4 provisions of this act, a board of county commissioners shall undertake the measures required  
5 by this act if all of the following conditions are met:

- 6           (1) The county has independent evidence that the majority of commercial  
7 neighborhoods in the county reviewed by a qualified appraisal company  
8 possess significant issues of inequity.
- 9           (2) The county has independent evidence that for residential neighborhoods  
10 instances of inequity or erroneous data had an impact on the valuation of the  
11 neighborhood as a whole.
- 12           (3) The county's last general reappraisal was performed for the 2008 tax year,  
13 2009 tax year, 2010 tax year, 2011 tax year, or 2012 tax year.
- 14           (4) The independent evidence resulted from a review performed by a qualified  
15 appraisal company selected and retained by the county and registered with  
16 the Department of Revenue and had a sample size of no less than 375  
17 properties, the relevant characteristics of which were reviewed on location at  
18 the property.

19           **SECTION 2.** If all of the conditions of Section 1 of this act are met, a board of  
20 county commissioners shall either (i) conduct a reappraisal, using no less than one person  
21 certified by the Department of Revenue for mass valuations per 4,250 parcels, pursuant to  
22 G.S. 105-286 within 18 months, applicable to all tax years from and including the tax year  
23 when the last general reappraisal was performed pursuant to G.S. 105-286 or (ii) have a  
24 qualified appraisal company, which may be the same company that provides the evidence in  
25 Section 1 of this act, conduct a review of all the values in the county by neighborhoods and  
26 make recommendations as to the true value of the properties as of January 1 of the year of the  
27 last general reappraisal performed pursuant to G.S. 105-286. After the reappraisal or after each  
28 neighborhood review required by this section is complete, the board of county commissioners  
29 shall make any change on the abstracts and tax records to ensure that the assessed values of  
30 incorrectly appraised properties in the county reflect the true values of those properties  
31 effective for the year of the last general reappraisal performed pursuant to G.S. 105-286 and  
32 shall apply the adjusted values for those properties for each tax year until the next general  
33 reappraisal for real property is performed by the county pursuant to G.S. 105-286 unless those  
34 adjusted values are changed in accordance with G.S. 105-287. In making changes to the  
35 abstracts and tax records mandated by this act, the board of county commissioners shall make  
36 adjustments for previous errors prioritized as follows:

- 37           (1) Adjustments to parcels with errors that resulted in the parcels having a  
38 significantly overstated value.
- 39           (2) Adjustments to parcels with errors that resulted in the parcels having a  
40 significantly understated value.
- 41           (3) Adjustments to parcels with errors that resulted in the parcels having an  
42 overstated value.
- 43           (4) Adjustments to parcels with errors that resulted in the parcels having an  
44 understated value.

45           In instances of parcels with errors that resulted in an overpayment of taxes, the  
46 governing board shall require that notice of refund and the refund amount be sent to the owner  
47 of record as of the date the payment was made. The provisions of G.S. 105-380 do not apply to  
48 the issuance of any refund under the provisions of this act.

49           **SECTION 3.** Interest on taxes paid on parcels with errors that resulted in the  
50 parcels having an overstated value shall be calculated at a rate of five percent (5%) per annum.  
51 Additional taxes levied on parcels as a result of errors causing the parcels to have an

1 understated value shall be treated as taxes on discovered property pursuant to G.S. 105-312,  
2 except that the discovery penalties set forth in subsection (h) of G.S. 105-312 shall not apply.  
3       **SECTION 4.** This act is effective when it becomes law. If any provision of this act  
4 or its application is held invalid, the invalidity does not affect other provisions or applications  
5 of this act that can be given effect without the invalid provisions or application, and to this end  
6 the provisions of this act are severable.