

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE DRS35077-MC_x-25B* (01/23)

Short Title: Require Certain General Reappraisals. (Public)

Sponsors: Senators Tarte and Rucho (Primary Sponsors).

Referred to:

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

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

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

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

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



* D R S 3 5 0 7 7 - M C X - 2 5 B *

1 The General Assembly of North Carolina enacts:

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

- 6 (1) The county has independent, corroborating evidence that the majority of
7 commercial neighborhoods in the county possess significant issues of
8 inequity.
- 9 (2) The county has independent, corroborating evidence that, for residential
10 neighborhoods, instances of inequity or erroneous data had a significant
11 impact on the valuation of the 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, corroborating evidence resulted from a review performed
15 by a qualified appraisal company selected and retained by the county and
16 registered with the Department of Revenue and had a sample size of no less
17 than 375 properties, the relevant characteristics of which were reviewed on
18 location at 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 conduct a total review of all the values in the county by
25 neighborhoods and make recommendations as to the true value of the properties as of January 1
26 of the year of the last general reappraisal performed pursuant to G.S. 105-286. After the
27 reappraisal or review required by this section is complete, the board of county commissioners
28 shall make any change on the abstracts and tax records to ensure that the assessed values of
29 incorrectly appraised properties in the county reflect the true values of those properties
30 effective for the year of the last general reappraisal performed pursuant to G.S. 105-286 and
31 shall apply the adjusted values for those properties for each tax year until the next general
32 reappraisal for real property is performed by the county pursuant to G.S. 105-286, unless those
33 adjusted values are changed in accordance with G.S. 105-287. In making changes to the
34 abstracts and tax records mandated by this act, the board of county commissioners shall make
35 adjustments for previous errors, prioritized as follows:

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

44 In instances of parcels with errors that resulted in an overpayment of taxes, the
45 governing board shall require that notice of refund and the refund amount be sent to the owner
46 of record as of the date the payment was made.

47 **SECTION 3.** Interest on taxes paid on parcels with errors that resulted in the
48 parcels having an overstated value shall be calculated as if there was an order of the county
49 board of equalization and review reducing the valuation of property pursuant to
50 G.S. 105-360(e). Additional taxes levied on parcels as a result of errors causing the parcels to

1 have an understated value shall be treated as taxes on discovered property pursuant to
2 G.S. 105-312.

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.