

Reappraisals
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Revenue Laws

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Basic Questions?

- What is a reappraisal?
- Why do one?
- Outcome of a reappraisal?
- Sales Ratio Studies?
- Market Trends over the last nine years?
- Appeal Process?

What is a reappraisal?

- A reappraisal is when a county appraises all the real property in its county at fair market value or “true value” as define in G.S. 105-283:

“When used in this Subchapter, the words "true value" shall be interpreted as meaning market value, that is, the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used.....”

Why do one?

□ NCGS 105-286

Requires all counties to conduct a reappraisal once every eight years. 56 counties are on a eight year cycle.

A county may opt to conduct a reappraisal earlier than this. 44 counties are on a shorter than eight year cycle.

Mandatory Advancement

- If a county's population is 75,000 or greater.
and
- The county's sales assessment ratio determined under G.S. 105-289(h) is less than .85 or greater than 1.15.
- The county must conduct a reappraisal effective no later than January 1 of the earlier of the following years:
 - ▣ a. The third year following the year the county received the notice.
 - ▣ b. The eighth year following the year of the county's last reappraisal.

Why do one?

- Reappraisals are used to equalize the tax burden between property owners and different property classes. “Fair and Equitable”
- The purpose is not to raise revenue.
- The property value is just part of the equation to determine the taxes.
- $\text{Budget} / \text{tax base} = \text{tax rate}$
- $\text{Property Value} \times \text{tax rate} = \text{Taxes due}$

Outcome of a reappraisal?



- ❑ Some property values go up.
- ❑ Some property values go down.
- ❑ Some property values may stay the same.
- ❑ It is all based on the market as of January 1, of the year of the reappraisal.

Tax Base Change with New Reappraisal

County	Parcels	2010 Real Base	2011 Real Base	2010 Rate	2011 Rate
County A	140,000	31 Billion	21 Billion	.3050/100	.4425/100
County B	64,000	11.4 Billion	10.2 Billion	.4620/100	.5136/100
County C	370,000	83 Billion	99 Billion	.8387/100	.8166/100

Each of the three counties above performed a 2011 reappraisal

County A and County B last reappraisal was in 2007

County C last reappraisal was in 2003

Sales Ratio Studies

- Sales Ratio Studies: measurement and evaluation of the level and uniformity of the appraisals.
- $\text{Ratio} = \text{Appraised Value} / \text{Sales Price}$
- Should be as close to 100% as possible the year of the reappraisal.

Sales Assessment Ratio Study

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- Required by NCGS 105-284
- Used primarily for equalization of Public Service Companies' Values
- Shows the county its Level of Assessment
 - ▣ Key years are – Reappraisal, 4th & 7th.
 - ▣ If ratio falls below 90% on a key year, then equalization occurs.

Equalization of a PSC

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- Equalization only applies to the: **Communication, Gas, Pipeline, Power and Railroad Companies.**
 - ▣ Only the companies NCDOR appraise using the Unit Approach that includes Real Property.

- We do NOT equalize **Airline, Bus and Motor Freight Companies.**
 - ▣ NCDOR is only appraising the rolling stock

County	Final Ratio	County	Final Ratio
ALAMANCE COUNTY	103.07	CUMBERLAND COUNTY	100.07
ALEXANDER COUNTY	92.55	CURRITUCK COUNTY	120.07
ALLEGHANY COUNTY	100.03	DARE COUNTY	118.73
ANSON COUNTY	96.94	DAVIDSON COUNTY	100.54
ASHE COUNTY	98.81	DAVIE COUNTY	104.59
AVERY COUNTY	97.41	DUPLIN COUNTY	96.74
BEAUFORT COUNTY	99.57	DURHAM COUNTY	102.68
BERTIE COUNTY	86.65	EDGECOMBE COUNTY	97.00
BLADEN COUNTY	91.63	FORSYTH COUNTY	103.90
BRUNSWICK COUNTY	97.27	FRANKLIN COUNTY	92.16
BUNCOMBE COUNTY	93.53	GASTON COUNTY	103.22
BURKE COUNTY	104.49	GATES COUNTY	104.61
CABARRUS COUNTY	107.11	GRAHAM COUNTY	100.42
CALDWELL COUNTY	96.56	GRANVILLE COUNTY	100.37
CAMDEN COUNTY	111.65	GREENE COUNTY	90.86
CARTERET COUNTY	98.03	GUILFORD COUNTY	103.72
CASWELL COUNTY	98.83	HALIFAX COUNTY	95.50
CATAWBA COUNTY	100.00	HARNETT COUNTY	97.62
CHATHAM COUNTY	101.90	HAYWOOD COUNTY	97.06
CHEROKEE COUNTY	131.29	HENDERSON COUNTY	95.00
CHOWAN COUNTY	95.29	HERTFORD COUNTY	101.13
CLAY COUNTY	113.85	HOKE COUNTY	92.69
CLEVELAND COUNTY	97.02	HYDE COUNTY	100.00
COLUMBUS COUNTY	84.58	IREDELL COUNTY	98.70
CRAVEN COUNTY	101.23	JACKSON COUNTY	108.42

County	Final Ratio	County	Final Ratio
JOHNSTON COUNTY	98.69	RANDOLPH COUNTY	97.48
JONES COUNTY	84.77	RICHMOND COUNTY	100.83
LEE COUNTY	96.20	ROBESON COUNTY	100.00
LENOIR COUNTY	102.96	ROCKINGHAM COUNTY	98.82
LINCOLN COUNTY	98.67	ROWAN COUNTY	104.60
MACON COUNTY	112.94	RUTHERFORD COUNTY	100.48
MADISON COUNTY	75.26	SAMPSON COUNTY	100.00
MARTIN COUNTY	98.88	SCOTLAND COUNTY	99.98
MCDOWELL COUNTY	94.99	STANLY COUNTY	90.92
MECKLENBURG COUNTY	96.00	STOKES COUNTY	96.59
MITCHELL COUNTY	104.50	SURRY COUNTY	98.02
MONTGOMERY COUNTY	71.46	SWAIN COUNTY	91.47
MOORE COUNTY	98.30	TRANSYLVANIA COUNTY	98.77
NASH COUNTY	96.74	TYRRELL COUNTY	107.09
NEW HANOVER COUNTY	113.00	UNION COUNTY	111.16
NORTHAMPTON COUNTY	103.18	VANCE COUNTY	116.76
ONSLOW COUNTY	99.11	WAKE COUNTY	105.59
ORANGE COUNTY	99.11	WARREN COUNTY	100.53
PAMLICO COUNTY	72.72	WASHINGTON COUNTY	90.77
PASQUOTANK COUNTY	102.65	WATAUGA COUNTY	97.91
PENDER COUNTY	100.68	WAYNE COUNTY	99.47
PERQUIMANS COUNTY	114.43	WILKES COUNTY	101.11
PERSON COUNTY	94.06	WILSON COUNTY	105.14
PITT COUNTY	99.29	YADKIN COUNTY	102.86
POLK COUNTY	88.57	YANCEY COUNTY	100.22

Counties over 100% in 2011

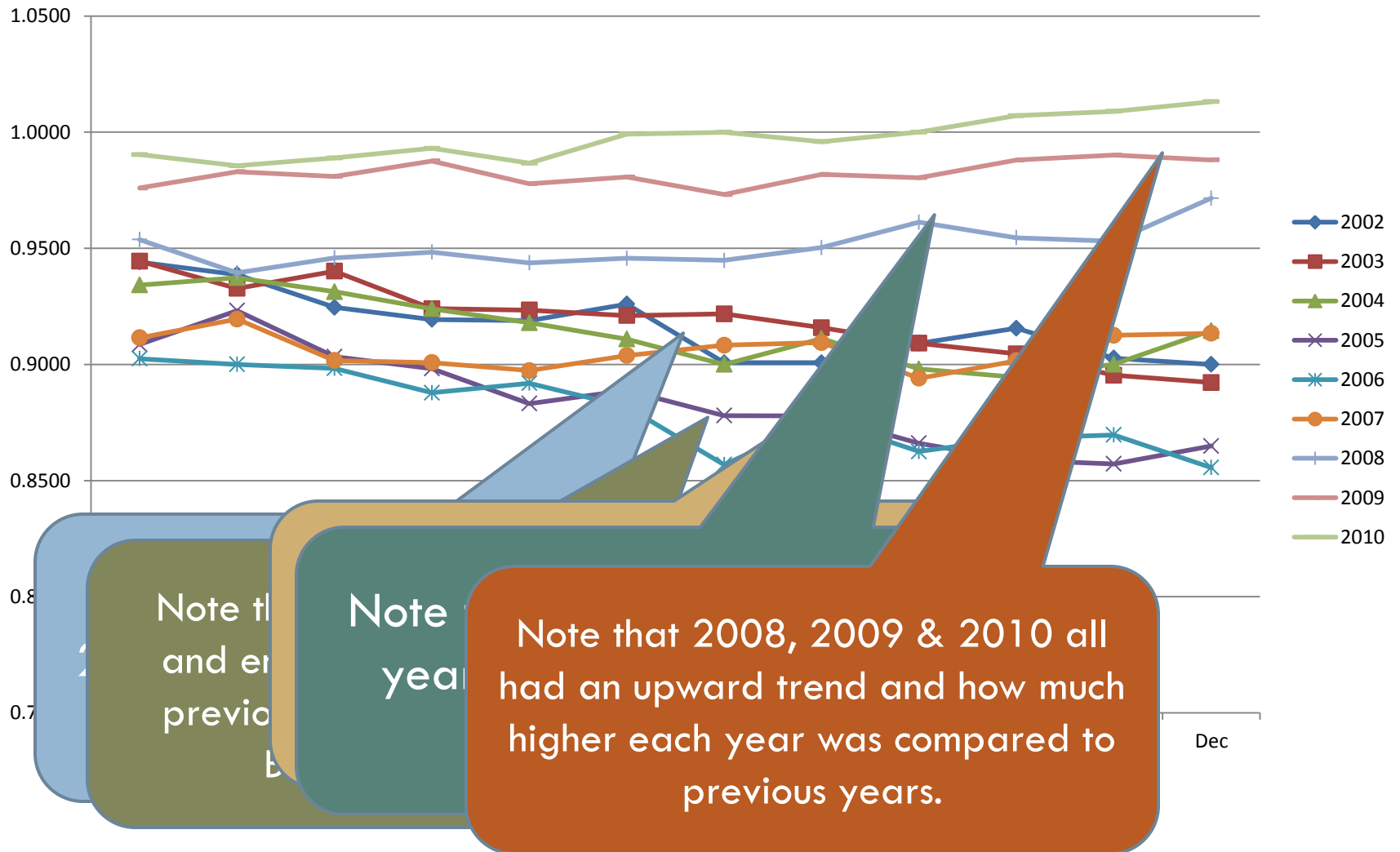
- 43 counties had sales ratio which were over 100% in 2011.

County	Final Ratio
CHEROKEE COUNTY	131.29
CURRITUCK COUNTY	120.07
DARE COUNTY	118.73
VANCE COUNTY	116.76
PERQUIMANS COUNTY	114.43
CLAY COUNTY	113.85
NEW HANOVER COUNTY	113.00
MACON COUNTY	112.94
CAMDEN COUNTY	111.65
UNION COUNTY	111.16
JACKSON COUNTY	108.42
CABARRUS COUNTY	107.11
TYRRELL COUNTY	107.09
WAKE COUNTY	105.59
WILSON COUNTY	105.14
GATES COUNTY	104.61
ROWAN COUNTY	104.60
DAVIE COUNTY	104.59
MITCHELL COUNTY	104.50
BURKE COUNTY	104.49
FORSYTH COUNTY	103.90

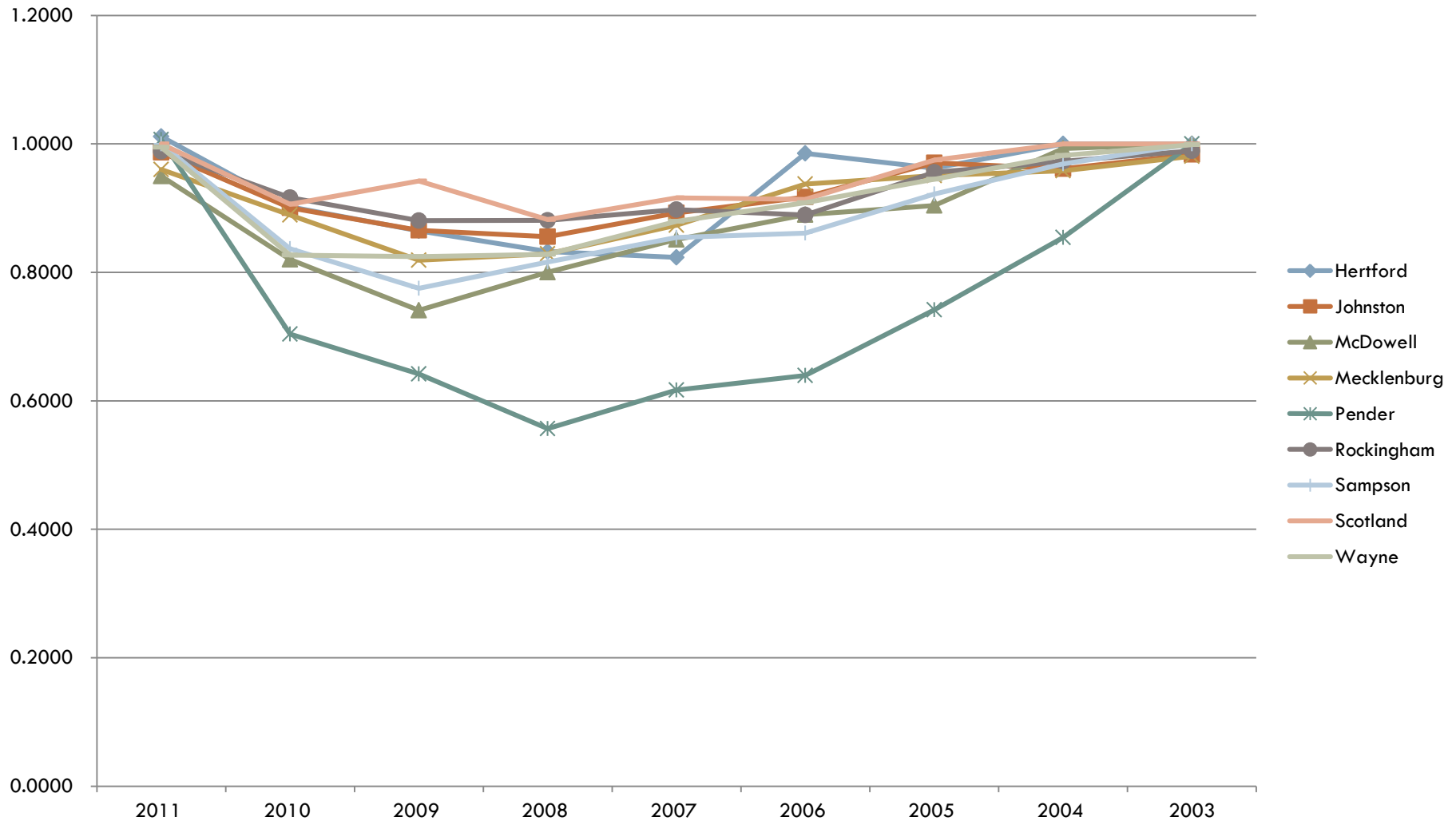
County	Final Ratio
GUILFORD COUNTY	103.72
GASTON COUNTY	103.22
NORTHAMPTON COUNTY	103.18
ALAMANCE COUNTY	103.07
LENOIR COUNTY	102.96
YADKIN COUNTY	102.86
DURHAM COUNTY	102.68
PASQUOTANK COUNTY	102.65
CHATHAM COUNTY	101.90
CRAVEN COUNTY	101.23
HERTFORD COUNTY	101.13
WILKES COUNTY	101.11
RICHMOND COUNTY	100.83
PENDER COUNTY	100.68
DAVIDSON COUNTY	100.54
WARREN COUNTY	100.53
RUTHERFORD COUNTY	100.48
GRAHAM COUNTY	100.42
GRANVILLE COUNTY	100.37
YANCEY COUNTY	100.22
CUMBERLAND COUNTY	100.07
ALLEGHANY COUNTY	100.03

Market Trends over the last nine years?

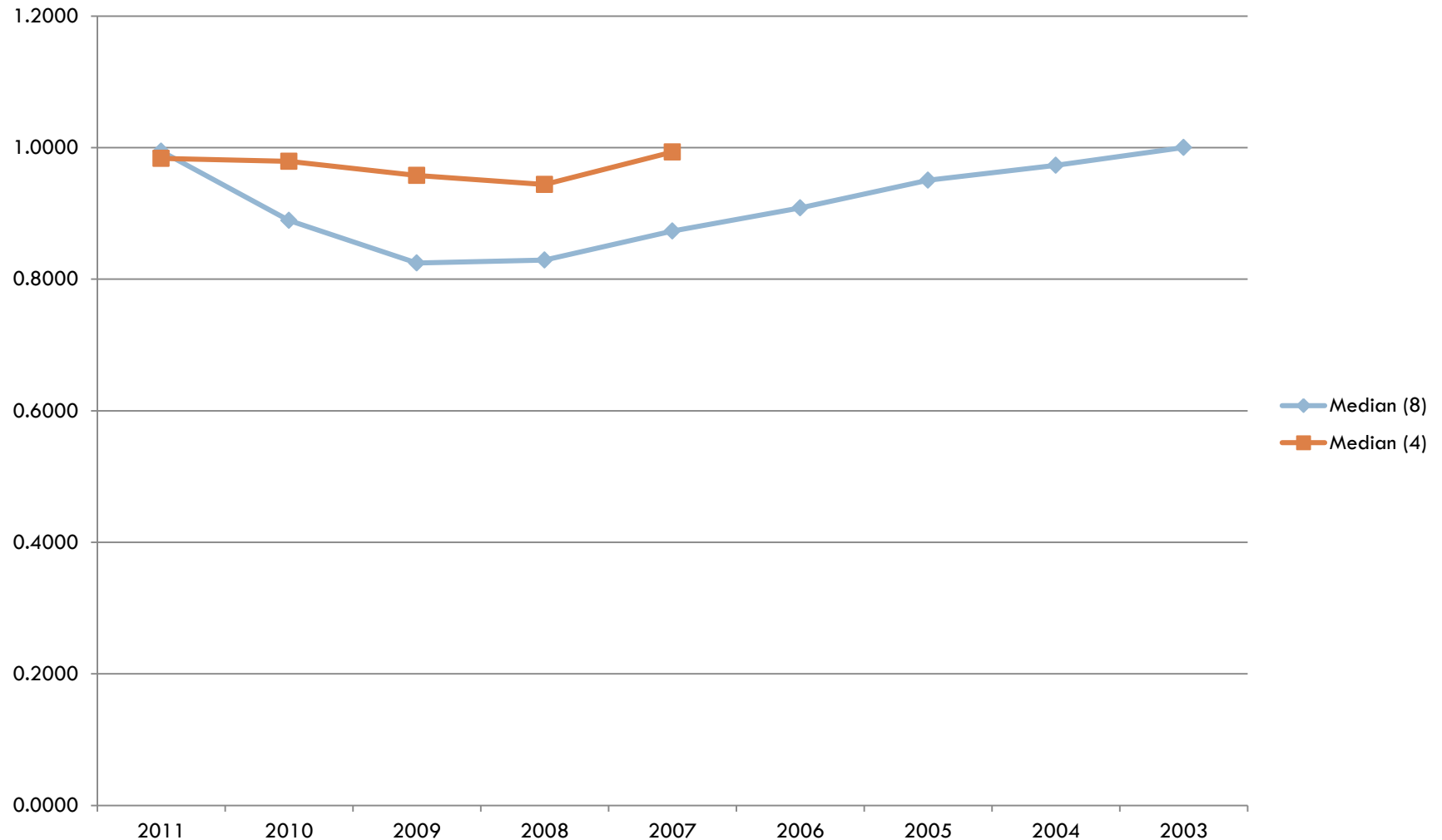
Sales Ratios by month by year.



(8) Year Cycle -- 2011 Reappraisal Counties



Comparison of 2011 Reappraisal Counties (4) Year Cycle Vs. (8) Year Cycle



Appeal Process



- Informal Appeals
- Board of Equalization and Review
- North Carolina Property Tax Commission

Property Tax Commission Appeals

2011 -- 842 appeals filed

Year	#	Year	#	Year	#	Year	#
2010	997	2000	431	1990	502	1980	235
2009	1015	1999	587	1989	379	1979	109
2008	912	1998	306	1988	339	1978	77
2007	1114	1997	507	1987	318	1977	113
2006	421	1996	312	1986	342	1976	131
2005	728	1995	599	1985	144	1975	262
2004	614	1994	719	1984	185	1974	55
2003	816	1993	650	1983	365	1973	89
2002	746	1992	1099	1982	138	1972	79
2001	564	1991	415	1981	261	1971	100
Avg.	793	563		297		125	

Property Commission Appeals



Total Appeals Filed Since August 2000	8130
Pending	1066
Resolved	7064


Property Commission Appeals



Total Appeals Resolved since August 2000	7064	
Late Filing	88	1.25%
No Application for Hearing Filed	2290	32.42%
Withdrawn By Taxpayer	1734	24.55%
Settlement Reached Between Parties	2691	38.09%
Heard by Property Tax Commission	261	3.69%

Settled Appeals

(2011 Started to track the changes in value)



	No Change In Value	Value Increased	Value Decreased	Totals
Closed	51	0	0	51
Settled	9	3	266	278
Withdrawn	2	0	0	2
Totals	62	3	266	331

Settled Appeals



80% of the settled appeals received some type of relief.

Of the settled appeals there was on average a 16.32% reduction in value.