



NORTH
CAROLINA
DEPARTMENT
OF REVENUE

Roy Cooper
Governor

Ronald G. Penny
Secretary

MEMORANDUM

To: The Honorable Julia Howard, NC House of Representatives
The Honorable Paul Newton, NC Senate

From: John A. (Tony) Simpson, Local Government Division Director *JKS*

Date: April 8, 2022

Subject: S.L. 2021-117 (H366) Commentary on Billboard Assessment

Our office annually publishes the Billboard Structures Valuation Guide. It serves to simplify the assessment process for North Carolina local governments and aids in establishing uniformity and accuracy in outdoor advertising valuation for *ad valorem* taxation.

In 2007, our division entered into discussions with Tony Adams, former Executive Director of the NC Outdoor Advertising Association (NCOAA). Collaborative meetings ensued between our division, the NCOAA, billboard industry leaders, and members of the NC Association of Assessing Officers, with a shared goal of creating a new valuation guide that would provide a fair and just solution to the assessment of billboards in North Carolina. Lamar Advertising Company played an integral role in the process by providing actual cost information for numerous billboard sizes and construction types. In addition, base cost information from multiple states across the country was reviewed and incorporated. The combined efforts resulted in a publication that was accepted by stakeholders, formed a sound methodology for valuing billboards, and produced accurate estimates of market value for mass appraisal purposes.

Challenges caused by the lack of sales and income information have led our office to recommend billboards be treated as business personal property and appraised using the cost approach to value. The guide utilizes the cost approach, considering information extracted from material costs, labor, and other integral components of billboard construction. This approach estimates the replacement cost new of the structure, then subtracts the appropriate amount of depreciation based on the structure's age. However, tax appraisers are advised in the guide to consider all three approaches to value.

Use of the guide for valuation purposes has been supported and affirmed by the NC Court of Appeals in the Interstate Outdoor Incorporated vs. Johnston County case filed on September 16, 2014. I am not aware of any appeals to the Property Tax Commission, or beyond, since the Interstate case.

In addition to the guide, the Billboard Valuation Workshop was created by our division and is offered annually. This workshop leads the student through the guide and valuation process as recommended by our office.

If you have any questions, or need additional information on billboard assessment, please contact me at (919) 814-1135 or john.simpson@ncdor.gov.

Attachments: Billboard Structures Valuation Guide (2022)
Billboard Valuation Workshop (2021)