

**Best Practices for
Boards of Equalization and Review**
March 2015

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Member's Handbook

NC Department of Revenue
Member's Handbook for Boards of
Equalization and Review

Available at:
http://www.dornrc.com/publications/boer_handbook.pdf

North Carolina Department of Revenue
MEMBER'S HANDBOOK
for
BOARDS OF EQUALIZATION AND REVIEW

Presented by the Staff of the Local Government Division
Presented by: **DAVID B. BLAIR, Director**
March 2015

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Canons' Blog Post

NC Local Government Law Blog
8/11/14 post

Available at:
<http://canons.sog.unc.edu/?p=7805>

Coates' Canons:
NC Local Government Law

Board of Equalization & Review Procedures

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Agenda

1. Quick Property Tax Overview
2. Basic Appraisal Rules
3. Powers & Duties of Board
4. Scheduling & Preparation for Hearings
5. Procedure for Hearings & Decisions

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\$8.1 Billion



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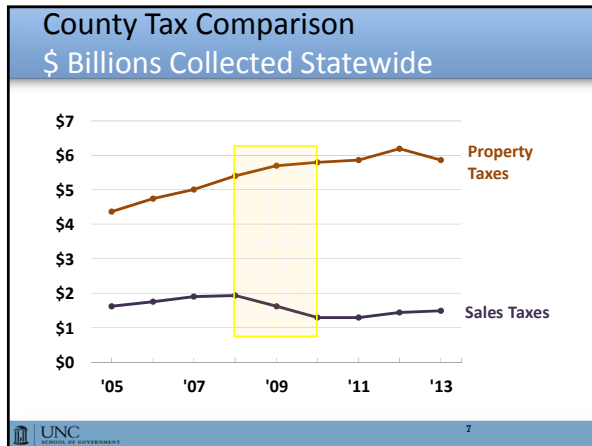
2012-13 County Revenues

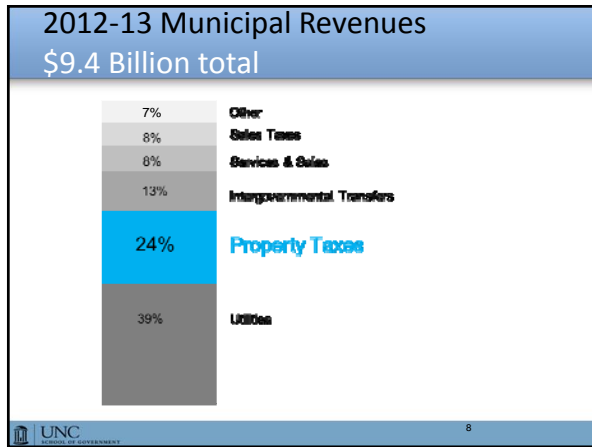
\$11.6 Billion total



Category	Percentage
Miscellaneous	9%
Services & Sales	10%
Sales Taxes	13%
Intergovernmental Transfers	18%
Property Taxes	50%

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County Property Tax Rates 2013-14

- Average: .62
- Highest: 1.03 (Scotland)
- Lowest: .279 (Macon)
- Most of the lowest rates are where?

Source: NC Dept. of Revenue

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Basic Appraisal Rules

- “true value in money” = market value
- Manual, page 28 - 32
- January 1 = listing and valuation date

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January 1 Listing & Valuation Date

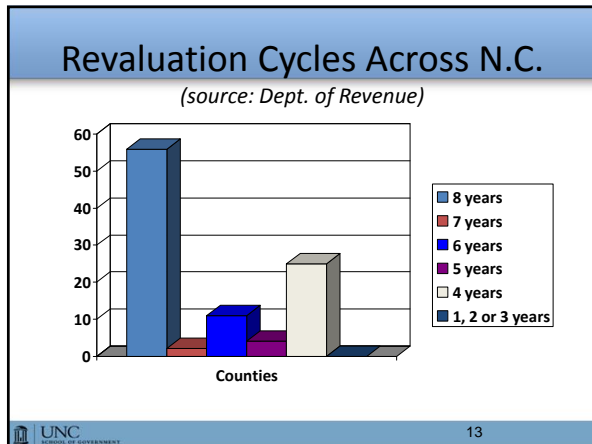
- House burns down on February 2?
- New construction started January 2?
- Property sold to church on March 1?

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Basic Appraisal Rules: Real Property

- Land and buildings
- Countywide reappraisal at least every 8 years

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Basic Appraisal Rules: Real Property

- Appraisal changes in between reappraisals:
 - Physical changes
 - Zoning changes
 - Errors in the original appraisal
- No changes for economic conditions

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Real Property Appraisals

- Countywide reappraisal in 2012. Next in 2020.
- Roy's house appraised at \$500,000 in 2012
- In 2014, Roy sells house to Mike for \$400,000
- Is Mike entitled to an appraisal reduction?

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**Basic Appraisal Rules:
Personal Property**

- Cars, boats, planes, business equipment
- Reappraised at market value annually
- Depreciation

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Questions?



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Powers & Duties of Board

- Two options to create BOER:
 1. BOCC serves as BOER
 2. BOCC appoints separate BOER
- Either way, BOER speaks for county
 - No county appeals from BOER decision

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Powers & Duties of Board

- Hear taxpayer appeals
 - Value, ownership, situs
 - Exemptions and exclusions
 - Timeliness of appeals
- Review tax lists (sua sponte)
 - Correct errors
 - Ensure appraisals are at market value
- Resolve discovery comprises (maybe)

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BOCC or Special Board?

North Carolina
Boards of Equalization and Review 2015

■ County Commissioners
■ Special Board

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Powers & Duties of Board

- No retroactive changes!
- Taxpayer must appeal value and exemption issues in year of assessment
- Failure to appeal for a particular year waives right to challenge assessor's decision for that year

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No retroactive changes

- Carolina County appraised Tom Tar Heel's house at \$300,000 in its last countywide reappraisal in 2012.
- Tom appeals the tax appraisal of his house in Carolina County in February 2015.
- The Board agrees that Tom's house should have been valued at \$200,000 in 2012.
- What relief can Tom receive?

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No retroactive changes

- Church of the Benevolent Blue Devil purchases a building for religious use in 2013.
- Church does not apply for exemption in 2014.
- Church applies for exemption in October 2015 and requests exemption for 2014, 2015 and future years.
- Church satisfies requirements for religious exemption.
- What relief is available for the church?

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Powers & Duties of Board

- Who may file appeals?
 - Taxpayer who "owns or controls" property
 - Power of Attorney?
 - New law permits non-attorneys before PTC
 - Form in handbook

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Questions?



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**SCHEDULING &
PREPARATION
FOR HEARINGS**

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Scheduling Hearings

- **First meeting:** between 1st Monday in April and 1st Monday in May
- Must “adjourn” before July 1 or December 1 (reappraisal year)
- What does “adjournment” mean?

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What does “adjournment” mean?

- Last date for reviewing tax lists and correcting errors (sua sponte)
- Last date for taxpayers to file appeal for current year
- Board may continue to meet after adjournment to hear timely appeals

Recommended Schedule

- Convene as close as possible to 1st Monday in April
- Reappraisal year; 3 to 8 weeks to adjournment
- Non-Reappraisal year: 2 to 6 weeks
- Must advertise initial schedule & changes

Questions?




PROCEDURE FOR HEARINGS & DECISIONS

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Quasi-Judicial Hearing

- Parties may offer evidence and cross-examine adverse witnesses
- no ex parte (one-sided) communication with the decision-makers
- Impartial decision-makers without fixed opinions on the matter being heard
- No close family or business relationships between the decision-makers and the parties


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Open Meetings Law

- Public notice and opportunity to attend
- Must deliberate in public session
- Exceptions: taxpayer income or other confidential info


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Recommended Format
(Manual, pages 21 to 23)

- Taxpayer presents evidence first
- Questions from Board
- County tax office presents evidence
- Questions from Board
- Rebuttal/Cross-Examination by Taxpayer

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Recommended Format
(Manual, pages 21 to 23)

- Board informs taxpayer about next steps
 - Deliberate & decide immediately, later that day, or later date
 - Inspect property
 - Request additional information

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Recommended Format
(Manual, pages 21 to 23)

- Do not require or encourage taxpayer to leave before hearing evidence from county
- Do not ask additional questions of county after telling taxpayer that Board is done receiving evidence and taxpayer leaves

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Recommended Format
(Manual, pages 21 to 23)

- How many appeals should be scheduled per day?
- When should board deliberate and decide?

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Taxpayer Fails to Appear

- Wanda Wolfpack appeals her home's appraisal. Prior to the hearing date, she submits written evidence of comparable sales and a private appraisal.
- Suzy Seahawk appeals her home's value. She does not submit any written evidence.
- Neither Wanda nor Suzy appears at the hearing date.
- How should the board resolve these appeals?

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Standard for Board Decisions

- Assessments presumed to be correct
- Initial burden of proof on taxpayer
- "Greater weight of the evidence"

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Base Decisions on Evidence, Not on . . .

- Relationships with or reputations of parties
- % change in appraisal
- Ability or lack of ability to pay tax

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Evidence of Value

- Carolina County reappraises its real property in 2015.
- Billy Blue Devil's house is appraised at \$600,000. Billy appeals.
- Billy presents evidence of an identical house across the street from his house that sold for \$450,000 on January 5, 2015.
- Can the board consider this evidence of value?

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Notice of Decision

- Form page 27
- Goal is 30 days after adjournment
- If still hearing appeals long after adjournment, send notice within 30 days after hearing

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Compromise in Discovery

- Discovery is retroactive tax billing for property that was not listed or listed at substantial understatement
- 10% penalty per year for taxpayer's failure to list improvements and personal property

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Compromise in Discovery

- BOCC has discretion to compromise (waive) some or all of a discovery bill
- Compromise authority can be delegated to Board of E&R
- No statutory guidelines for compromise
- Written policy?

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Questions and Evaluation

- Please complete our evaluation:
https://unc.az1.qualtrics.com/SE/?SID=SV_c04MX9KZ2dzCo2p



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