

## Essentials of Property Tax Collection

### Discovery Bill Worksheet 2021

In May of 2021, the business personal property section of the Carolina County Assessor's Office determines that ABC Corporation has failed to list any of its taxable machinery and equipment since 2014. You have determined the fair market value of the machinery and equipment for the years in question. Those amounts are set forth in the below table.

Compute the maximum allowable tax and penalty that will be due upon a discovery of ABC's property.

Year	Value	Tax Rate	Tax Owed	Penalty %	Penalty \$	Totals
2021	\$300,000	\$.50		10%		
2020	\$200,000	\$.60		20%		
2019	\$300,000	\$.70		30%		
2018	\$400,000	\$.50		40%		
2017	\$300,000	\$.50		50%		
2016	\$200,000	\$.50		60%		
2015	\$200,000	\$.50				
<b>Totals:</b>						

When will this discovery bill accrue interest?

Carolina County offers a 2% discount for taxes paid before September 1. Is this discovery bill eligible for this discount? If so, what would the discount be if ABC Corp. paid the discovery bill before September 1, 2021?

## ***Fundamentals of Property Tax Collection 2021***

### **Refunds and Releases**

1. Carolina County conducted a revaluation of real property in 2016. At that time, Taxpayer Tom's house was graded as Grade A construction and assessed for 25,000 square feet of living space. In fact, the house has only 2,500 square feet of living space but the appraiser added a zero when entering the data. Tom pays the assessed taxes for 2016 thru 2020, but in 2021 he requests that the assessor review his assessment for both the construction grade and the square footage issues. The assessor agrees that as of January 1, 2016, the house was actually Grade B construction and had only 2,500 square feet of living space. Tom immediately requests a refund of the 2016-2020 taxes based on the wrong construction grade and square footage.

For what taxes, if any, is Tom entitled to a refund?

2. Dean owns an empty lot on Lake Blue Devil in Doorham County. Since he purchased the lot in 2006, it has been appraised as if it were a buildable lot under Doorham County zoning regulations. In February of 2021, Dean applies for a building permit and is rejected because the lot does not meet several requirements for waterfront construction.

Dean immediately demands that the property tax assessment be reduced to reflect that fact that his lot is not buildable. Under the assumption that the lot was buildable, it had been assessed at \$250,000. The assessor adjusts the appraisal for 2021 and future tax years to \$25,000 to reflect the fact that the lot is not buildable.

Not satisfied, Dean requests a refund of the "excess" taxes he's paid on the lot since 2006 as a result of the assumption that the lot was buildable.

Is Dean entitled to this refund?

3. The Church of the Benevolent Blue Devil is a religious organization that has received a religious property tax exemption for its sanctuary and church offices. In 2019 the church completed a major expansion project of its sanctuary. However, it failed to submit an exemption application for the new sanctuary. In 2021, the church finally submits the exemption application and it is approved by the county. The church requests a refund of the taxes it paid in 2020 for the new, larger sanctuary, claiming it was a clerical error that led to the failure to submit an application for 2020 and that it was illegal for the county to this exempt religious property for 2020.

Is the Church entitled to a refund of 2020 taxes?

4. Maureen the Marine has a home state of record of Texas but has been stationed in Carolina County, NC, since 2010. Maureen registered her car in Carolina County immediately after moving here and dutifully paid property taxes on the car each year. In 2021, Maureen realizes that she should be exempt from North Carolina personal property taxes under the Servicemembers Civil Relief Act. She brings the appropriate documentation to the Carolina County tax office and requests that her tax payments for 2010 through 2021 be refunded.

Is Maureen the Marine entitled to a refund?

5. Wanda Wolfpack has owned Parcel A in Wake County since 2000. She has been assessed (and has paid) both county taxes and Raleigh city taxes every year. In March 2021, the assessor realizes that a mapping error occurred in 1970 and that Wanda's property has never been inside the Raleigh city limits.

For what years, if any, may Raleigh refund the city taxes paid by Wanda?

6. Same facts as above, but assume that Wanda has never paid her Raleigh city taxes because she was certain her property was outside of the city limits. When faced with a foreclosure action in 2021 by the city for delinquent taxes from 2001 through 2020, Wanda pays all of the outstanding city taxes plus interest. One week later, the assessor learns of the mapping mistake and tells Wanda, who immediately demands a refund.

For what years, if any, may Raleigh refund the city taxes paid by Wanda?

## Fundamentals of Property Tax Collection 2021

### *Register Motor Vehicle Tax Collection Discussion Questions*

1. Billy Blue Devil drives a Honda Civic. The registration and tax year runs from April 2020 to March 2021. Billy renews his tags and pays the 2020-2021 property taxes on March 15, 2020. The property taxes were \$120. In September 2020 Billy sells the Civic. He turns in his tags to the DMV on October 3, 2020 and obtains a receipt. Billy visits the county tax office on December 15, 2020 to ask for a refund on his 2020 property taxes for the Civic.

Is Billy entitled to a refund? If so, how much of a refund?

2. Suzie Seahawk files for bankruptcy on September 1, 2020. The tags on her Ford Focus expire on October 31, 2020. She appears at the DMV on November 20, 2020 to renew her tags.

May the DMV require her to pay the 2020-2021 property taxes on Ford Focus before the DMV will renew the tags on that car?

3. **True or False:** If property taxes owed under the “Tag & Tax Together” system are not paid at the time of registration, the county may use attachment & garnishment as a enforced collection remedy to collect those unpaid taxes.

4. Wanda Wolfpack drives a Toyota Camry. Her tags expire on August 31, 2020. She decides not to renew the tags because she does not plan to drive the vehicle. In September 2021 she appears at the DMV and asks to register the Camry again. The DMV issues her a registration that runs from October 2021 to September 2022 and requires her to pay the 2021-2022 property taxes on the Camry.

Does the county have any obligation or authority to collect additional property taxes on the Camry? If so, for what months?

5. Assume the same facts in #4 and that the county issues a “gap” bill to Wanda for her Camry in November 2021. When will that bill begin to accrue interest? What collection remedies does the county have if that bill is not paid?

6. **True or False:** The county may levy a different property tax rate on RMVs as compared to the property tax rate that is levied on real property.