

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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HOUSE BILL 200*

Short Title: Require Certain General Reappraisals. (Public)

Sponsors: Representatives W. Brawley and Cotham (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Government, if favorable, Regulatory Reform, if favorable, Finance.

March 5, 2013

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

Whereas, the Great Recession has had deleterious effects on the economy and, especially, on the housing market; and

Whereas, valuation data for a calendar year is used to determine market value for a general reappraisal as of January 1 of the following year; and

Whereas, there were a total of 3,825,637 foreclosure filings during the 2010 calendar year and 2.23% of all households were in some stage of foreclosure during 2010; and

Whereas, annual analysis of the housing market in North Carolina in 2011 shows tax assessments in nearly half of the counties in the State were higher, on average, than actual market values; and

Whereas, the General Assembly has previously required accelerated general reappraisals when sales values deviated too much from assessed values, but such countywide analyses can fail to properly account for pockets of improperly valued properties or where properties have values that offset improperly valued properties located elsewhere within the county; and

Whereas, these unique and extraordinary conditions have increased the difficulty of accurately appraising real property for tax purposes and increased the number of actual errors in conducting reappraisals; and

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

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

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

Whereas, the General Assembly recognizes that the confluence of these issues arising during the time when general reappraisals of real property were occurring has resulted



1 not only in a higher risk but in a higher incidence of assessed values failing to accurately and
2 fairly reflect true market values; Now, therefore,
3 The General Assembly of North Carolina enacts:

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

- 8 (1) The county has independent, corroborating evidence that the majority of
9 commercial neighborhoods in the county possess significant issues of
10 inequity.
- 11 (2) The county has independent, corroborating evidence that, for residential
12 neighborhoods, instances of inequity or erroneous data had a significant
13 impact on the valuation of the neighborhood as a whole.
- 14 (3) The county's last general reappraisal was performed for the 2008 tax year,
15 2009 tax year, 2010 tax year, 2011 tax year, or 2012 tax year.
- 16 (4) The independent, corroborating evidence resulted from a review performed
17 by a qualified appraisal company selected and retained by the county and
18 registered with the Department of Revenue and had a sample size of no less
19 than 375 properties, the relevant characteristics of which were reviewed on
20 location at the property.

21 **SECTION 2.** If all of the conditions of Section 1 of this act are met, a board of
22 county commissioners shall either (i) conduct a reappraisal, using no less than one person
23 certified by the Department of Revenue for mass valuations per 4,250 parcels, pursuant to
24 G.S. 105-286 within 18 months, applicable to all tax years from and including the tax year
25 when the last general reappraisal was performed pursuant to G.S. 105-286 or (ii) have a
26 qualified appraisal company conduct a total review of all the values in the county by
27 neighborhoods and make recommendations as to the true value of the properties as of January 1
28 of the year of the last general reappraisal performed pursuant to G.S. 105-286. After the
29 reappraisal or review required by this section is complete, the board of county commissioners
30 shall make any change on the abstracts and tax records to ensure that the assessed values of
31 incorrectly appraised properties in the county reflect the true values of those properties
32 effective for the year of the last general reappraisal performed pursuant to G.S. 105-286 and
33 shall apply the adjusted values for those properties for each tax year until the next general
34 reappraisal for real property is performed by the county pursuant to G.S. 105-286, unless those
35 adjusted values are changed in accordance with G.S. 105-287. In making changes to the
36 abstracts and tax records mandated by this act, the board of county commissioners shall make
37 adjustments for previous errors, prioritized as follows:

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

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

49 **SECTION 3.** Interest on taxes paid on parcels with errors that resulted in the
50 parcels having an overstated value shall be calculated as if there was an order of the county
51 board of equalization and review reducing the valuation of property pursuant to

1 G.S. 105-360(e). Additional taxes levied on parcels as a result of errors causing the parcels to
2 have an understated value shall be treated as taxes on discovered property pursuant to
3 G.S. 105-312.

4 **SECTION 4.** This act is effective when it becomes law. If any provision of this act
5 or its application is held invalid, the invalidity does not affect other provisions or applications
6 of this act that can be given effect without the invalid provisions or application, and to this end
7 the provisions of this act are severable.