

# Property Tax Revaluations During the COVID-19 Pandemic

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## Article

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The COVID-19 pandemic continues to apply pressure to already cash-strapped local governments. Even before the pandemic, many counties across North Carolina were grappling with budget deficits and mounting debt. Now, as counties across the state enter the second year of the pandemic, leaders are working to put together budgets that meet their community's needs during these challenging times. The chief funding source for all local government budgets is revenues derived from property taxes.

In 2021, twenty-two North Carolina counties are revaluing all of their property for ad valorem tax purposes. The counties conducting revaluations in 2021 include:

- Caldwell
- Chatham
- Cleveland
- Columbus
- Currituck
- Dare
- Davie
- Forsyth
- Greene
- Harnett
- Haywood
- Jackson
- New Hanover
- Orange
- Person

- Polk
- Stanly
- Stokes
- Surry
- Swain
- Transylvania
- Washington

The new property values will remain in effect for between 4 and 8 years, depending on your particular county's revaluation schedule. In Forsyth and Orange County, a revaluation is done every 4 years. In other counties, the next revaluation may not take place for another 8 years. This is important because that means your tax valuation will be locked in until the county's next revaluation. If you do not appeal during the revaluation year – within the prescribed timeframe – you will be stuck with the county's new assessed value until the next revaluation.

Counties send out their notices of revaluation within the first couple of weeks of January. The revaluations are sometimes incorrect, and it is critical that you understand the process of how to contest the revaluation of your property.

First, you should review the notice of revaluation to ensure it's accurate, and that the revaluation reflects the fair market value of the particular property. The fair market value is the most probable price a property would be exchanged for in a competitive and open market. If the county's revaluation of your property does not reflect fair market value, you should initiate the informal appeal process by contacting County Assessor staff. Many local government employees are working from home, so it is incumbent upon taxpayers to diligently contest the property tax revaluation and follow up with the County Assessor's office. Often, at this stage, a taxpayer's value submitted to the County may later be used against them by the County. It is important to understand that the value that a Taxpayer puts on a property at this stage may adversely affect later proceedings.

If the County Assessor's office doesn't revise the assessment, you must file a formal appeal to the County Board of Equalization and Review (Board of E&R). This review board is a special county board appointed to handle property tax appeals from taxpayers. Boards of E&R are required under state law to (i) hold their first meetings by the first Monday in May and (ii) adjourn by July 1. Taxpayer appeals submitted after July 1 will not be heard by Boards of E&R.

This level of the appeal is more formal, with the taxpayer being allotted a specific amount of time to present his or her case and the county also having time to present its side. The Board of E&R may choose to decide the appeal immediately or choose to delay its decision and deliberate further. Currently, some Boards of E&R are conducting hearings in person, but others are electing to conduct hearings virtually pursuant to the authority granted by the General Assembly in Section 4.31(a) of S.L. 2020-3.

If the Board of E&R does not reduce your property's value to your satisfaction, you then may appeal to the North Carolina Property Tax Commission. The Commission is similar to a trial court. Like any trial court, it is required to follow the North Carolina Rules of Evidence. When a taxpayer appeals, the taxpayer has the burden of proof. Taxpayers may

present their own cases before the commission but are encouraged to hire an attorney. Currently, the Commission is exclusively conducting hearings virtually. The Department of Revenue has not indicated when hearings before the Commission will return to being conducted in person.

When filing both informal appeals and formal appeals to local Boards of Equalization and Review, having legal representation is beneficial, because often attorneys have developed relationships with county assessors and attorneys and are also aware of statutory and administrative nuances in the law. Our seasoned Property Tax Appeals team is here to help at every level. If you are interested in learning more about Nexsen Pruet's Property Tax Appeals team, please contact a member of our team: George T. Smith III.