

MINUTES

Board of Equalization and Review
April 28, 2016

Board of Equalization and Review Meeting to Convene

Board Members Present:

Jennifer Marsh, Chair
Pamela Davis
Patricia Roberts
Karen Morrissette, Alternate Member
Barbara Levine, Alternate Member

Staff Members Present:

Roger Gunn, Chief Appraiser
Brenda Riley, Business Personal Property Appraiser
Nancy Freeman, Recording Secretary
Dwane Brinson, Director, Tax Administration
John Roberts, County Attorney

Chair Jennifer Marsh called the meeting to order at 2:01PM.

The County Attorney, John Roberts, presented to the Board of Equalization and Review members in attendance a policy created by the Board of County Commissioners regarding the compromise of listing penalties. Attorney Roberts explained that the Commissioners' main objective in adopting the policy is to ensure that each appellant to the Board of Equalization and Review is treated fairly and equitably with regard to the issue of compromise.

Member Patricia Roberts asked for more clarification and the Director of Tax Administration, Dwane Brinson stated that another goal of the policy is to promote consistency. Mr. Roberts mentioned that the Commissioners would like to create a history of consistency. Ms. Marsh commented that she and the other Board of Equalization and Review members are acting in representation of the Board of County Commissioners, and the Board of Equalization and Review members should use the policy as a guide in order to render decisions in the manner requested by the Commissioners. After the discussion of the policy, Mr. Roberts left the meeting.

Secretary Nancy Freeman distributed the required annual disclosure statements to the members in attendance. After the members completed the disclosure statements, the members began hearing appeals.

RMM OIB LLC DBA R&R GRILL

1057786

Rob Moll and Ross Moll appeared before the Board to request compromise of late listing penalties for business personal property located at 137 East Franklin Street for the years 2010-2015. The penalty total is \$6,777.53. A list of evidence presented to the Board follows:

APPELLANT	COUNTY
01_2016_04_28_1500 Appeal Request	01_2016_04_28_1500 Case Brief
	01_2016_04_28_1500 Discovery Notice
	01_2016_04_28_1500 Copy of Tax Bills
	01_2016_04_28_1500 Duplicate Statements Tax Bill Receipts

Mr. Ross Moll introduced himself and his father, Rob Moll. He explained to the Board members that the business has been open since 2009 and had never listed business personal property. Mr. Moll commented that they were not aware that they needed to list. The lease for the location of their restaurant included information referencing the landlord being responsible for paying the real property taxes, but they did not realize that they needed to list their business personal property. Mr. Moll stated that their CPA did not mention the need to list County taxes, but the CPA typically focused only on state and federal income tax. Mr. Moll stated that they paid the taxes arising from the discovery but have not paid the listing penalties. The appellant stated that they have eleven full time and ten part time staff, they are marginally profitable, and that it is getting more difficult each day to stay profitable.

Appraiser Brenda Riley represented the County. She explained that the discovery was for business personal property equipment. The Tax office sent a 2016 listing form to the appellants, which was completed and submitted. In addition, a discovery was done for 2010-2015. Ms. Riley stated that the business opened in 2009, and the discovery was performed in 2015.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Davis made a motion to waive 50% of the penalties because she saw this appeal as a special circumstance as the taxpayer was not aware of the need to list business personal property and because the taxpayer's CPA did not inform them of the need to list. However, Ms. Davis conceded that the taxpayer has a certain amount of personal responsibility to discover the requirements of running a business. The motion was seconded by Ms. Roberts.

Ayes: 2
Noes: 1

SPADA

9887577076

Ronald D. Spada did not appear before the Board to appeal the valuation of his property located at 4017 McKee School Road. The 2016 value of the property is \$664,100. A list of evidence presented to the Board follows:

APPELLANT	COUNTY
02_2016_04_28_1515 Appeals Form	02_2016_04_28_1515 9887577076 2016 Property Record Card
	02_2016_04_28_1515 9887575007 2016 Property Record Card
	02_2016_04_28_1515 9887577076 2015 Property Record Card
	02_2016_04_28_1515 9887577076 Photo

Chief Appraiser, Roger Gunn provided the evidence submitted by the appellant. He stated that the appellant returned a Data Correction Form that was mailed along with the 2016 Listing Forms indicating there were two fireplaces in the residence not recorded on the property record. As a result of adding the two fireplaces, the value of the property increased from \$656,800 to \$664,100. In the evidence submitted by the appellant, the appellant stated that the property value should not have been increased

because the fireplaces were present in the home at the time the Tax Office revalued the property in 2015.

Mr. Gunn reiterated that the property record card for 2016 was updated to correctly reflect that there were two fireplaces in the home, and the value was adjusted accordingly based on the information provided by the appellant. Mr. Gunn stated that the previous value of the home did not include the value of the two fireplaces as the Tax Office was unaware that any fireplaces existed.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion for no change to the valuation as the 2016 property record card reflects the correct property information and no evidence was submitted by the appellant to indicate that the valuation was incorrect. The motion was seconded by Ms. Davis and the motion carried.

Ayes: 3
Noes: 0

WOODMAN

9874175477 & 9874176487

Elizabeth Woodman did not appear before the Board to request a reduction in value for two properties located at 202 East Queen Street and 206 East Queen Street. The 2016 values of the properties are \$105,250 and \$105,300, respectively. A list of evidence presented to the Board follows:

APPELLANT	COUNTY
03_2016_04_28_1530 9874175477 Appeal Request	03_2016_04_28_1530 9874175477 2016 Property Record Card
	03_2016_04_28_1530 9874175477 Photo
04_2016_04_28_1545 9874176487 Appeal Request	04_2016_04_28_1545 9874176487 2016 Property Record Card
	04_2016_04_28_1545 9874176487 Photo

Mr. Gunn provided evidence submitted by the appellant that included photos of the properties after a recent heavy rain that show storm water run-off collected by the Town of Hillsborough's right-of-way and distributed onto her private property. Mr. Gunn noted that the appellant provided a plan to remedy the drainage issue. Mr. Gunn also stated there was no information provided with regard to the cost of implementing the plan.

In representing the County, Mr. Gunn explained that the properties were inspected the day before the hearing and referenced two photos provided by the Tax Office as evidence. There is a photo of each of the properties, which currently does not show the run-off that was shown in the appellant's photos. He commented that there was no indication in the evidence provided to indicate whether the appellant was aware of the drainage issue prior to purchasing the properties, but the current valuations of both properties include 25% downward adjustments to the properties reflecting topography issues for the properties. Mr. Gunn stated that each property would be valued at approximately \$140,000 if there were no drainage or topography issues.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion for no change to the valuation as each property's value already takes into account the current topography, and no evidence was submitted to support any

additional adjustments for the properties. The motion was seconded by Ms. Davis and the motion carried.

Ayes: 3
Noes: 0

CCAB LLC DBA CAFÉ CAROLINA AND BAKERY

272068

The appellant did not appear before the Board to request compromise of late listing penalties for business personal property located at 601 Meadowmont Village Circle for the years 2010-2015. The penalty total is \$2,625.64. A list of evidence presented to the Board follows:

APPELLANT	COUNTY
05_2016_04_28_1600_Appeal Request	05_2016_04_28_1600_Case Brief
	05_2016_04_28_1600_Audit Discovery Notice
	05_2016_04_28_1600_Audit Tax Bills
	05_2016_04_28_1600_Duplicate Bill Statements

Ms. Riley submitted evidence from the appellant and presented evidence for the County. The discovery is the result of changes and assessments made during an audit by the County. The majority of the discovery is for an increase in the value of equipment that the taxpayer did not list properly and was reclassified into proper categories. Café Carolina and Bakery has been in business since 2002 and has been listing each year. Ms. Riley explained that there was a change in ownership in 2012, and the new owners had limited access to the information for 2010 and 2011.

In representing the County, Ms. Riley explained that in addition to the category reclassifications, there was also equipment that was not previously listed. Ms. Roberts inquired about what type of property was not listed, and Ms. Riley responded that the property were in the categories of Point of Sale Equipment and Leasehold Improvements. Ms. Riley noted that Café Carolina and Bakery is a relatively large business and is part of a chain. She stated that the majority of the discovery is for leasehold improvements, which are improvements to a building done specifically for the particular business. Ms. Riley stated that a building leased to a business typically has normal heating, lighting, etc., but leasehold improvements are more specialized for the specific needs of the business. Mr. Gunn additionally explained to the members that the Commercial Property Section of the current Schedule of Values helps distinguish what improvements made to leased space should be classified as personal property.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Roberts made a motion to reduce the penalty by 50% based on special circumstances because a reasonable person may find it difficult to know how to classify certain items of personal property. The motion was seconded by Ms. Davis.

Ayes: 2
Noes: 1

DEARLOVE

9891876529

Judith E. Dearlove did not appear before the Board to request a reduction in value for property located at 5621 Loblolly Court. The 2016 value of the property is \$498,000. A list of evidence presented to the Board follows:

APPELLANT	COUNTY
06_2016_04_28_1615_Appeal Request	06_2016_04_28_1615_2016 Property Record Card
	06_2016_04_28_1615_Analysis Property Record Card
	06_2016_04_28_1615_Photo

Mr. Gunn submitted evidence from the appellant. The appellant submitted a Data Correction Form indicating that the exterior wall covering on the property record was incorrect and the exterior walls were stucco instead of frame. As a result, the Tax Office increased the value of the property to reflect that the house had stucco over masonry walls, which increased the value of the property to \$498,000.

In representing the County, Mr. Gunn explained that in many cases, stucco is applied over masonry (concrete block) walls, which the County assumed was the implication from the submission of the Data Correction Form. Therefore, the Tax Office increased the value of the house reflecting the house having masonry walls. However, in a subsequent telephone conversation, Ms. Dearlove indicates that her home actually has stucco over frame walls, which in essence makes her home a frame house. After an onsite inspection, the County recommends that the value of the property be lowered to \$480,000 based on changing the exterior material of the home from masonry back to frame, removing the construction modifier, and removing the masonry secondary wall.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion to accept the recommendations of the County and to reduce the value of the property to \$480,000. The motion was seconded by Ms. Davis and the motion carried.

Ayes: 3
Noes: 0

MAGEE

9879792719.002

N. Margaret Hughes Magee did not appear before the Board to appeal the value of her property located at 308 Eastwood Road, Unit B. The 2016 value of the property is \$212,139. A list of evidence presented to the Board follows:

APPELLANT	COUNTY
07_2016_04_28_1630_Appeal Request	07_2016_04_28_1630_2016 Property Record Card
07_2016_04_28_1630_Appraisal	07_2016_04_28_1630_Analysis Property Record Card
07_2016_04_28_1630_HUD Statement	07_2016_04_28_1630_Photo
	07_2016_04_28_1630_Sales Report

Mr. Gunn submitted evidence for the appellant. The property in question is a condominium that is one of two units on a lot. The taxpayer believes that both units are being taxed for 100% of the value of the land, which is almost a full acre, instead of each being taxed on half of the value of the land.

In representing the County, Mr. Gunn explained that the taxpayer owns one of two condos on almost an acre of land in common area. In review of the property record card, Mr. Gunn stated the value of the land for each unit is based on lot size pricing for approximately a half acre, but as the units are actually condominiums, the land values should not be based on lot size at all, but should instead be based on each unit's pro rata share of the project's common area, which includes the land. From an analysis of similar condominium projects, Mr. Gunn concluded that the value of the common area would be

approximately \$150,000 and the pro-rata share of each unit's common area value would be \$75,000. As a result, the County recommends that the value of the property be changed from \$212,139 to \$182,600 reflecting the change of the land value from \$103,740 to \$75,000. Mr. Gunn stated that the other unit, 308 Eastwood Drive, Unit A is scheduled for appeal on Wednesday, May 4th and Mr. Gunn will also suggest at that hearing that the value of that unit should also be adjusted to reflect that unit's pro rata percentage of ownership in the common area.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Davis made a motion to accept the recommendation of the Tax Office because it is a reasonable change. The motion was seconded by Ms. Roberts and the motion carried.

Ayes: 3
Noes: 0

ZENG**9778723995**

Yong-Chun Zeng did not appear before the Board to appeal the valuation of the property located at 100 Chaucer Court. The 2016 value of the property is \$113,381. A list of evidence presented to the Board follows:

APPELLANT	COUNTY
08_2016_04_28_1645_Appeal Request	08_2016_04_28_1645_2016 Property Record Card
	08_2016_04_28_1645_Photo
	08_2016_04_28_1645_Sales Report

Mr. Gunn submitted evidence for the appellant and explained that the appellant believes that value is too high at the current amount of \$113,831. The appellant believes a true value is \$93,000, based on the recent purchase price in February 2015. The appellant provided comparable sales from 2015 in his appeal.

In representing the county, Mr. Gunn provided a list of comparable sales from 2008 that support the value of the property as of the January 1, 2009 valuation date. Mr. Gunn stated that the 2015 comparable sales provided by the appellant are not relevant to the current valuation and should not be considered.

The Board reviewed all documents and information provided by the appellant and the County. After deliberation and review, Ms. Marsh made a motion of no change in valuation based on the fact that the sales in 2008 support the current valuation, and no relevant data was submitted by the appellant to support the requested change in value. The motion was seconded by Ms. Roberts and the motion carried.

Ayes: 3
Noes: 0

Having heard all of the appeals scheduled on this date, Ms. Marsh made a motion to adjourn this meeting at 3:49 PM. The motion was seconded by Ms. Roberts and the meeting was adjourned.


Jennifer Marsh, Chair

Nancy Freeman, Recording Secretary