

# CABARRUS COUNTY 2020 APPRAISAL MANUAL

## INTRODUCTION

The primary purpose of real property assessment is to arrive at a true value (market value) for each real property parcel for use in deriving property taxes that will be as equitable as is feasible given the time, staff and money available to the assessor. Market value as defined by "Machinery Act of North Carolina" under G.S. 105.283 Uniform Appraisal Standards is **"the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used"**.

To accomplish the County's goal of determining just and equitable values the County Assessor must turn to mass appraisal methods and techniques based on solid appraisal principles. In mass appraising, as in any kind of appraising, the realities of the local market along with state and local laws must be considered. Also, fundamental to any mass appraisal system are knowledge, judgment and the ability to adapt a standardized system to the local market. A standardized system and method of handling both data and the application of the three basic approaches to value is necessary to achieve equalization and uniformity in the valuation process.

The three basic approaches which may be used to arrive at a fair market value are summarized as follows:

### COST APPROACH

This approach consists of estimating the land value and the depreciated cost of the improvements to arrive at a value. Theoretically, the substitution principle is the basis for determining the maximum value of the property by this approach. The substitution principle assumes the value is equal to the cost of acquiring a substitution of equal utility assuming no cost delay is encountered.

### MARKET APPROACH

This approach utilizes the application of prior sales data from the market and is also referred to as the sales or comparison approach. Use of this approach requires that the sales used should be analyzed to determine that the conditions of fair market value have been satisfied.

### INCOME APPROACH

This approach defines value as the present worth of future benefits arising from the ownership of property. The two most common applications of this approach in mass appraising are the capitalized net income and the gross rent multiplier.

The use of any of the three approaches requires careful consideration to be given to:

1. The relevancy of the approach applied to the property under consideration.
2. The inherent strengths and weaknesses of the approach used.
3. The amount and reliability of the data collected.
4. The effect of the local market on the data collected.

This standardized system or Schedule of Values is designed and adopted to be used to establish Fair Market Value as of January 1 of the Revaluation year. Revaluation projects are mandated by State law to be performed every eight years unless the Board of County Commissioners desires to perform the projects more frequently. In the interest of maintaining fair and equitable values for the taxpayers of Cabarrus County the Board of County Commissioners has passed a resolution establishing a four year reappraisal cycle for Cabarrus County as required by G. S. 105-286(a) (2).

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## RESOLUTION OF THE CABARRUS COUNTY BOARD OF COMMISSIONERS TO ADVANCE CABARRUS COUNTY'S REVALUATION SCHEDULE FROM JANUARY 1, 2012 TO JANUARY 1, 2008 AND TO IMPLEMENT SUBSEQUENT REAPPRAISALS EVERY FOUR YEARS

**WHEREAS**, Cabarrus County completed and implemented its most recent reappraisal of real property on January 1, 2004, utilizing its own staff and personnel; and

**WHEREAS**, Cabarrus County desires to conduct a reappraisal of real property earlier than required by G.S. §105-286, to be effective January 1, 2008, and to implement subsequent reappraisals every four years; and

**WHEREAS**, the reappraisal work will be conducted by the staff of the Cabarrus County Assessor's Office as part of its program of work each year;

**NOW, THEREFORE BE IT RESOLVED** by the Board of Commissioners of Cabarrus County ("Board") that in the annual budget ordinance for fiscal year 2007-08, the Board shall include an appropriation for Tax Administration in the amount required for reappraisal work during that fiscal year consistent with a plan established for the reappraisal of real property, as required by GS §153A-150; and

**BE IT FURTHER RESOLVED**, that when the County budget for each succeeding fiscal year is in preparation, the Board, with the County Manager and County Assessor, shall review the progress of the reappraisal work, and the Board shall appropriate funds for reappraisal work during that year as may be necessary to continue the reappraisal work and to assure the completion of the reappraisal work on schedule for a quadrennial revaluation cycle.

**BE IT FURTHER RESOLVED** that a copy of this resolution be forwarded promptly by the Clerk to the Board to the Department of Revenue as required by G.S. §105-286.

Adopted this 23<sup>rd</sup> day of July 2007.

  
Robert W. Carruth, Chairman  
Board of Commissioners

Attest:

  
Kay Thompson  
Clerk to the Board



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Finally, it must be remembered, the true test of a mass appraisal system rests upon its acceptance by the County Assessor, the taxpayers and administrative review bodies such as the Board of County Commissioners, Board of Equalization and Review, Department of Revenue and the courts.

The material contained in this manual is provided to enable the user to apply standard procedures to the mass appraisal of property. In certain cases, the procedures are manually implemented and controlled; in others, the highly sophisticated data processing and appraisal systems are available to assure standard methods are employed. The principle to be recognized is that of standardization of data and operations as a vehicle to achieving the goals of the appraisal system.

## The North Carolina Machinery Act

### ARTICLE 13

#### Standards for Appraisal and Assessment.

Sec.

§ 105-283. Uniform appraisal standards.

§ 105-284. Uniform assessment standard.

#### § 105-283. Uniform appraisal standards.

All property, real and personal, shall as far as practicable be appraised or valued at its true value in money. When used in this Subchapter, the words "true value" shall be interpreted as meaning market value, that is, the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used. For the purposes of this section, the acquisition of an interest in land by an entity having the power of eminent domain with respect to the interest acquired shall not be considered competent evidence of the true value in money of comparable land. (1939, c. 310, s. 500; 1953, c. 970, s. 5; 1955, c. 1100, s. 2; 1959, c. 682; 1967, c. 892, s. 7; 1969, c. 945, s. 1; 1971, c. 806, s. 1; 1973, c. 695, s. 11; 1977, 2nd Sess., c. 1297.)

#### § 105-284. Uniform assessment standard.

(a) Except as otherwise provided in this section, all property, real and personal, shall be assessed for taxation at its true value or use value as determined under G.S. 105-283 or G.S. 105-277.6, and taxes levied by all counties and municipalities shall be levied uniformly on assessments determined in accordance with this section.

(b) The assessed value of public service company system property subject to appraisal by the Department of Revenue under G.S. 105-335(b)(1) shall be determined by applying to the allocation of such value to each county a percentage to be established by the Department of Revenue. The percentage to be applied shall be either:

- (1) The median ratio established in sales assessment ratio studies of real property conducted by the Department of Revenue in the county in the year the county conducts a reappraisal of real property and in the fourth and seventh years thereafter; or
- (2) A weighted average percentage based on the median ratio for real property established by the Department of Revenue as provided in subdivision (1) and a one hundred percent (100%) ratio for personal property. No percentage shall be applied in a year in which the median ratio for real property is ninety percent (90%) or greater.

If the median ratio for real property in any county is below ninety percent (90%) and if the county assessor has provided information satisfactory to the Department of Revenue that the county follows accepted guidelines and practices in the assessment of business personal property, the weighted average percentage shall be applied to public service company property. In calculating the weighted average percentage, the Department shall use the

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assessed value figures for real and personal property reported by the county to the Local Government Commission for the preceding year. In any county which fails to demonstrate that it follows accepted guidelines and practices, the percentage to be applied shall be the median ratio for real property. The percentage established in a year in which a sales assessment ratio study is conducted shall continue to be applied until another study is conducted by the Department of Revenue.

(c) Notice of the median ratio and the percentage to be applied for each county shall be given by the Department of Revenue to the chairman of the board of commissioners not later than April 15 of the year for which it is to be effective. Notice shall also be given at the same time to the public service companies whose property values are subject to adjustment under this section. Either the county or an affected public service company may challenge the real property ratio or the percentage established by the Department of Revenue by giving notice of exception within 30 days after the mailing of the Department's notice. Upon receipt of such notice of exception, the Department shall arrange a conference with the challenging party or parties to review the matter. Following the conference, the Department shall notify the challenging party or parties of its final determination in the matter. Either party may appeal the Department's determination to the Property Tax Commission by giving notice of appeal within 30 days after the mailing of the Department's decision.

(d) Property that is in a development financing district and that is subject to an agreement entered into pursuant to G.S. 159-108 shall be assessed at its true value or at the minimum value set out in the agreement, whichever is greater.(1939, c. 310, s. 500; 1953, c. 970, s. 5; 1955, c. 1100, s. 2; 1959, c. 682; 1967, c. 892, s. 7; 1969, c. 945, s. 1; 1971, c. 806, s. 1; 1973, c. 695, s. 12; 1985, c. 601, s. 1; 1987 (Reg. Sess., 1988), c. 1052, s. 1; 2003-403, s. 20.)

## ARTICLE 14

### § 105-286. Time for general reappraisal of real property.

Octennial Cycle. - Each county must reappraise all real property in accordance with the provisions of G.S. 105-283 and G.S. 105-317 as of January 1 of the year set out in the following schedule and every eighth year thereafter, unless the county is required to advance the date under subdivision (2) of this section or chooses to advance the date under subdivision (3) of this section.

(1) Schedule of Initial Reappraisals.

Division One--1972: Avery, Camden, Cherokee, Cleveland, Cumberland, Guilford, Harnett, Haywood, Lee, Montgomery, Northampton, and Robeson.

Division Two--1973: Caldwell, Carteret, Columbus, Currituck, Davidson, Gaston, Greene, Hyde, Lenoir, Madison, Orange, Pamlico, Pitt, Richmond, Swain, Transylvania, and Washington.

Division Three--1974: Ashe, Buncombe, Chowan, Franklin, Henderson, Hoke, Jones, Pasquotank, Rowan, and Stokes.

Division Four--1975: Alleghany, Bladen, Brunswick, Cabarrus, Catawba, Dare, Halifax, Macon, New Hanover, Surry, Tyrrell, and Yadkin.

Division Five--1976: Bertie, Caswell, Forsyth, Iredell, Jackson, Lincoln, Onslow, Person, Perquimans, Rutherford, Union, Vance, Wake, Wilson, and Yancey.

Division Six--1977: Alamance, Durham, Edgecombe, Gates, Martin, Mitchell, Nash, Polk, Randolph, Stanly, Warren, and Wilkes.

Division Seven--1978: Alexander, Anson, Beaufort, Clay, Craven, Davie, Duplin, and Granville.

Division Eight--1979: Burke, Chatham, Graham, Hertford, Johnston, McDowell, Mecklenburg, Moore, Pender, Rockingham, Sampson, Scotland, Watauga, and Wayne.

(2) Mandatory Advancement. - A county whose population is 75,000 or greater according to the most recent annual population estimates certified to the Secretary by the State Budget Officer must conduct a reappraisal of real property when the county's sales assessment ratio determined under G.S. 105-289(h) is less than .85 or greater than 1.15, as indicated on the notice the county receives under G.S. 105-284. A reappraisal required under this subdivision must become effective no later than January 1 of the earlier of the following years: a. the third year

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following the year the county received the notice. b. the eighth year following the year of the county's last reappraisal.

(3) **Optional Advancement.** - A county may conduct a reappraisal of real property earlier than required by subdivision (1) or (2) of this subsection if the board of county commissioners adopts a resolution providing for advancement of the reappraisal. The resolution must designate the effective date of the advanced reappraisal and may designate a new reappraisal cycle that is more frequent than the octennial cycle set in subdivision (1) of this subsection. The board of county commissioners must promptly forward a copy of the resolution adopted under this subdivision to the Department of Revenue. A more frequent reappraisal cycle designated in a resolution adopted under this subdivision continues in effect after a mandatory reappraisal required under subdivision (2) of this subsection unless the board of county commissioners adopts another resolution that designates a different date for the county's next reappraisal. (b), (c) Repealed by Session Laws 2008-146, s. 1.1, effective July 1, 2009. (1939, c. 310, s. 300; 1941, c. 282, ss. 1, 11/2; 1943, c. 634, s. 1; 1945, c. 5; 1947, c. 50; 1949, c. 109; 1951, c. 847; 1953, c. 395; 1955, c. 1273; 1957, c. 1453, s. 1; 1959, c. 704, s. 1; 1971, c. 806, s. 1; 1973, c. 476, s. 193; 1987, c. 45, s. 1.)

## ARTICLE 19

### Administration of Real and Personal Property Appraisal.

#### § 105-317. Appraisal of real property; adoption of schedules, standards, and rules.

- (a) Whenever any real property is appraised it shall be the duty of the persons making appraisals:
- (1) In determining the true value of land, to consider as to each tract, parcel, or lot separately listed at least its advantages and disadvantages as to location; zoning; quality of soil; waterpower; water privileges; dedication as a nature preserve; conservation or preservation agreements; mineral, quarry, or other valuable deposits; fertility; adaptability for agricultural, timber-producing, commercial, industrial, or other uses; past income; probable future income; and any other factors that may affect its value except growing crops of a seasonal or annual nature.
  - (2) In determining the true value of a building or other improvement, to consider at least its location; type of construction; age; replacement cost; cost; adaptability for residence, commercial, industrial, or other uses; past income; probable future income; and any other factors that may affect its value.
  - (3) To appraise partially completed buildings in accordance with the degree of completion on January 1.
- (b) In preparation for each revaluation of real property required by G.S. 105-286, it shall be the duty of the assessor to see that:
- (1) Uniform schedules of values, standards, and rules to be used in appraising real property at its true value and at its present-use value are prepared and are sufficiently detailed to enable those making appraisals to adhere to them in appraising real property.
  - (2) Repealed by Session Laws 1981, c. 678, s. 1.
  - (3) A separate property record be prepared for each tract, parcel, lot, or group of contiguous lots, which record shall show the information required for compliance with the provisions of G.S. 105-309 insofar as they deal with real property, as well as that required by this section. (The purpose of this subdivision is to require that individual property records be maintained in sufficient detail to enable property owners to ascertain the method, rules, and standards of value by which property is appraised.)
  - (4) The property characteristics considered in appraising each lot, parcel, tract, building, structure and improvement, in accordance with the schedules of values, standards, and rules, be accurately recorded on the appropriate property record.
  - (5) Upon the request of the owner, the board of equalization and review, or the board of county commissioners, any particular lot, parcel, tract, building, structure or improvement be actually

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visited and observed to verify the accuracy of property characteristics on record for that property.

- (6) Each lot, parcel, tract, building, structure and improvement be separately appraised by a competent appraiser, either one appointed under the provisions of G.S. 105-296 or one employed under the provisions of G.S. 105-299.
- (7) Notice is given in writing to the owner that he is entitled to have an actual visitation and observation of his property to verify the accuracy of property characteristics on record for that property.

(c) The values, standards, and rules required by subdivision (b)(1) shall be reviewed and approved by the board of county commissioners before January 1 of the year they are applied. The board of county commissioners may approve the schedules of values, standards, and rules to be used in appraising real property at its true value and at its present-use value either separately or simultaneously. Notice of the receipt and adoption by the board of county commissioners of either or both the true value and present-use value schedules, standards, and rules, and notice of a property owner's right to comment on and contest the schedules, standards, and rules shall be given as follows:

- (1) The assessor shall submit the proposed schedules, standards, and rules to the board of county commissioners not less than 21 days before the meeting at which they will be considered by the board. On the same day that they are submitted to the board for its consideration, the assessor shall file a copy of the proposed schedules, standards, and rules in his office where they shall remain available for public inspection.
- (2) Upon receipt of the proposed schedules, standards, and rules, the board of commissioners shall publish a statement in a newspaper having general circulation in the county stating:
  - a. That the proposed schedules, standards, and rules to be used in appraising real property in the county have been submitted to the board of county commissioners and are available for public inspection in the assessor's office; and
  - b. The time and place of a public hearing on the proposed schedules, standards, and rules that shall be held by the board of county commissioners at least seven days before adopting the final schedules, standards, and rules.
- (3) When the board of county commissioners approves the final schedules, standards, and rules, it shall issue an order adopting them. Notice of this order shall be published once a week for four successive weeks in a newspaper having general circulation in the county, with the last publication being not less than seven days before the last day for challenging the validity of the schedules, standards, and rules by appeal to the Property Tax Commission. The notice shall state:
  - a. That the schedules, standards, and rules to be used in the next scheduled reappraisal of real property in the county have been adopted and are open to examination in the office of the assessor; and
  - b. That a property owner who asserts that the schedules, standards, and rules are invalid may except to the order and appeal therefrom to the Property Tax Commission within 30 days of the date when the notice of the order adopting the schedules, standards, and rules was first published.

(d) Before the board of county commissioners adopts the schedules of values, standards, and rules, the assessor may collect data needed to apply the schedules, standards, and rules to each parcel in the county. (1939, c. 310, s. 501; 1959, c. 704, s. 4; 1967, c. 944; 1971, c. 806, s. 1; 1973, c. 476, s. 193; c. 695, s. 5; 1981, c. 224; c. 678, s. 1; 1985, c. 216, s. 2; c. 628, s. 4; 1987, c. 45, s. 1; c. 295, s. 1; 1997-226, s. 5.)