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Fiscal Uncertainty and Recession Could Result in More Property Tax Appeals

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The downtrodden real estate market could have a significant impact on the number of real estate tax appeals lodged by property owners in some North Carolina counties. Under state law, counties are required to conduct county-wide revaluations every eight years, although some counties may choose to revalue more frequently. For 2011, approximately 29 counties were scheduled to revalue real property as of January 1, 2011, including larger counties such as Mecklenburg, Johnston, New Hanover, Catawba and Brunswick.*

With property values declining, especially in coastal communities, local governments will be forced to either raise tax rates or get by with less revenue. As a result, and in an effort to maintain revenue levels, the new valuations assessed by counties may not fully take into account the significant impact the recession has had on property values. Accordingly, the new values assessed in 2011 could be significantly higher than the actual, true market value as of January 1, 2011 and could result in an increased number of tax appeals for 2011. This is especially true for income producing commercial properties that rely upon the income method of valuation in determining market value. Therefore, property owners should carefully review the revaluation notices they have

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received and be aware of their appeal rights.

In short, each county has a board, often referred to as the Board of Equalization and Review, that is tasked with reviewing and hearing property tax appeals and making a recommendation as to whether a property valuation should be adjusted. Virtually each jurisdiction, however, handles property tax appeals differently and some provide for an informal review procedure prior to a hearing before the Board of Equalization and Review. Regardless, it is important to know when the deadline to file an appeal expires because deadlines are tied to when the Board of Equalization and Review adjourns, which varies from county to county. When filing a tax appeal and/or at the time of the hearing before the Board of Equalization and Review, the taxpayer is required to submit evidence showing that the tax value assigned by the tax assessor does not reflect the property's actual market value as of the date of revaluation. If a property owner is dissatisfied with the decision of the County Board, they can appeal to the North Carolina State Property Tax Commission, which conducts a more formal, trial-like hearing.

Given that many counties only revalue every eight years, it is important to make sure that the County's assessed value accurately reflects the property's market value as of the date of revaluation. Depending on the property's total value, a reduction in the tax value could represent a significant savings over this eight-year period.

**Other counties scheduled to revalue as of January 1, 2011 include Ashe, Burke, Caldwell, Davidson, Gaston, Haywood, Henderson, Hertford, Iredell, Lincoln, Macon, McDowell, Moore, Northhampton, Pender, Person, Rockingham, Rowan, Rutherford, Sampson, Scotland, Stanly, Wayne and Wilkes.*

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