

**March 5, 2012**

The Board of Commissioners of Franklin County, North Carolina, met for a Special Called Meeting at 5:00 P.M. in the Hamilton Hobgood Courthouse Annex with the following Commissioners present: Chairman E. Shane Mitchell, Vice-Chairman Robert L. Swanson, Sidney E. Dunston, Donald C. Lancaster, Harry L. Foy, Jr. and David T. Bunn. *Commissioner Penny McGhee was absent following her resignation as County Commissioner on March 3, 2012.*

*\*The Board was scheduled to meet in the Commissioner's Conference Room located in the County Administration Building; however the meeting space reached capacity with over 475 citizens in attendance.*

Chairman Mitchell called the meeting to order for the purpose of discussing revaluation concerns. He stated a number of citizens expressed their concerns with elevated values as stated on the Notice of Real Estate Assessed Value. Mr. Jimmy Tanner, Tax Administrator and Mr. Tim Cain, Assessment Solutions, Inc. were present to answer Board questions.

Chairman Mitchell asked the Board to consider making a motion to allow public comment following presentations by staff and Mr. Cain.

Commissioner Lancaster made the motion to add public comment to the agenda, seconded by Commissioner Foy. The motion duly carried with all present voting "AYE."

Chairman Mitchell mentioned County Manager Angela L. Harris was not in attendance as she was in Washington, D.C. representing the Board at the annual Legislative Conference of the National Association of Counties.

Chairman Mitchell then announced the resignation of Commissioner Penny McGhee that occurred Saturday, March 3, 2012. He briefly explained the process for filling the vacant seat. He said the Board shall appoint a qualified person (of the same political party as the person being replaced) to fill the vacancy. The appointed individual will serve until the first Monday in December, 2012. Meanwhile, the Executive Committee's of the Republican and Democratic Parties will each recommend one individual to place on the ballot in the November, 2012 General Election. The prevailing candidate would serve from the first Monday in December until the remainder of Commissioner McGhee's term in 2014.

**1. REVALUATION DISCUSSION**

Chairman Mitchell reminded those in attendance the sole purpose of the meeting was to discuss tax revaluation and to seek answers for citizens and gain clarification of the process. He stated Mr. Cain and Mr. Tanner would explain the revaluation process, address the proper time frame for appeals, the process and methods for appealing and the form of proof/documentation needed to appeal. Chairman Mitchell stated Mr. Cain would be given direction moving forward and said he would also be asked to provide an update at the Commissioner's next regular meeting on March 19, 2012.

County Attorney Pete Tomlinson was asked to provide a brief outline of statutory requirements regarding the revaluation process. Mr. Tomlinson stated the County elected to postpone the revalue to 2012 based on economic conditions. He stated the first level of appeal is an informal appeal made to the revaluation contractor. The next level is a formal appeal to the Board of Commissioners when they sit as the Board of

Equalization and Review. If further appeal is warranted, the third level of appeal is to the Property Tax Commission in Raleigh and then onto a much more formal appeal process with the Court of Appeals and Supreme Court.

Mr. Tanner provided the following PowerPoint presentation that outlines misconceptions about the timeframe required for appeal as well as the recommendations of the Tax Office in moving forward.

**Franklin County Government**

**Franklin County 2012 Reappraisal Project**

Presented By:  
Jimmy Tanner,  
Tax Administrator

[www.franklincountync.us](http://www.franklincountync.us)

**Franklin County Government**

**REAPPRAISAL HISTORY**

- Last Reappraisal in Franklin County was implemented January 1, 2004
- NC General Statutes require all North Carolina Counties to conduct reappraisals at least once every eight years.
- Historically, Counties typically prepare for approximately 10% of parcels to be appealed.
- In other Counties that have conducted a revaluation, current economic conditions have resulted in number of appeals increasing.
- During the 2004 reappraisal, Franklin County had 3,607 parcels appealed during the informal level. This was 10.3% of the total parcels per 2004 Reval File.

[www.franklincountync.us](http://www.franklincountync.us)

**Franklin County Government**

**REAPPRAISAL HISTORY**

- The 2004 reappraisal resulted in an average increase in property values by approximately 46%.
- There were minimal valuation issues as a result of the 2004 reappraisal. This indicates that during the appeal process, issues and concerns were identified, corrections and revised values were applied as warranted.

[www.franklincountync.us](http://www.franklincountync.us)

**Franklin County Government**

**PURPOSE OF REAPPRAISAL**

- North Carolina General Statutes require real estate to be appraised at market value.
- Assessment Solutions was contracted to complete the revaluation process and bring property values to true market value.

[www.franklincountync.us](http://www.franklincountync.us)

**Franklin County Government**

**STATISTICS OF REAPPRAISAL PROJECT**

Classification	2011 Count	2012 count	Tax Year 2011	Tax Year 2012	Percentage Incr./Decr.
Dwellings	19,643	19,823	2,494,794,815	2,606,325,870	4.47%
Other	5,010	4,500	137,333,225	187,977,582	36.88%
Vacant	12,148	12,519	257,117,566	417,741,151	62.47%
Apartments	10	10	4,396,610	4,526,495	2.95%
Commercial	891	904	283,743,016	426,465,514	50.30%
Industrial	90	83	106,887,799	128,953,730	20.64%
<b>totals</b>			<b>3,284,273,031</b>	<b>3,771,990,342</b>	<b>14.85%</b>
new const/Land imp				40,000,000	1.06%
Total % Inc./Decr.					13.79%
DEFERRED VLE			387,287,578	658,220,126	69.96%

[www.franklincountync.us](http://www.franklincountync.us)

**Franklin County Government**

**LEVELS OF APPEAL**

- Informal Appeal, Reappraisal Company
- Board of Equalization and Review
  - County Appraisal Staff Review and Recommendation
- North Carolina Property Tax Commission
- North Carolina Court of Appeals
- North Carolina Supreme Court

[www.franklincountync.us](http://www.franklincountync.us)

**Franklin County Government**

**CURRENT REAPPRAISAL PROJECT**

- As of end of day Friday, March 2<sup>nd</sup>, we have approximately 1,178 parcels filed in the informal appeal level.
- These parcels include approximately 740 different property owners.
- This equates to approximately 3.0% of the total parcels appealed as of this date.

[www.franklincountync.us](http://www.franklincountync.us)

**Franklin County Government**

**CLARIFICATIONS**

- **Not Limited To 20 day period to file appeal** as stated in valuation notification. Appeals can be filed up to time Board of E&R adjourns, but this date is unknown.
- You are not required to have appraisal or any other documentation to file an appeal. But, we encourage any information or documentation regarding value or condition be provided to assist in determining market value
- Reappraisal contract is not based on percentage increase. A percentage based contract for reappraisals would be deemed unethical and have never been done in history of North Carolina.
- Assessment Solutions is located in Garner, North Carolina.

[www.franklincountync.us](http://www.franklincountync.us)

**Franklin County Government**

**CLARIFICATIONS**

- ZONING. There is no grandfathering in market value appraisal.
- Appraisal Standards require properties to be appraised at its highest and best use
- Most issues regarding zoning are properties used for residential purposes, but are zoned and located in commercial districts.
- \*\*For these, we would encourage reappraisal company to consider the potential use.

www.franklincountync.us

**Franklin County Government**

**TAX OFFICE RECOMMENDATION**

- Instruct Contractor to continue appeals process and make sure that adequate qualified staff is available to complete process.
- Instruct Contractor that all appeals need to be considered and corrections made as warranted.
- Instruct Contractor that during appeal process, if at any time information presents itself that an entire area or neighborhood is justified in having corrections made, these corrections be made to the entire neighborhood, not only the individual properties that have appealed.
- Instruct Contractor to completely review the US Hwy 1 Corridor.
- Instruct Contractor to have report detailing progress at March 19<sup>th</sup> regular scheduled Commissioners Meeting.

www.franklincountync.us

**Franklin County Government**

**QUESTIONS?**

www.franklincountync.us

Revaluation Contractor Tim Cain, Assessment Solutions, Inc. utilized the following appeals as examples and comparing current values to the last revaluation in 2004. He stated properties appreciate at different levels which poses a challenge with the model and said that is why informal appeals are important. He stated little credence was placed in list value and said he was looking for the help of citizens to value properties correctly.

Mr. Cain’s presentation follows.

**FRANKLIN COUNTY  
REVALUATION 2012**

March 5, 2012

**Statistical Findings**

	2009	2010	2011
Population	506	477	333
Median (Assessment / Sale)	0.9687	0.9920	1.000
Average Absolute Deviation	0.0731	0.1001	0.0567
Coefficient of Dispersion	7.55	10.09	5.67
Price-Related Differential	1.004	1.025	0.995

### Youngsville Crossing

**Previous Land Sales**

- 035042: \$345,000 on 9/30/10 (\$13.20 sf)  
2004 TV: \$84,094 (\$3.22 sf)  
2012 TV: \$345,000 (\$13.20 sf)
- 039981: \$697,000 on 11/12/09 (\$13.00 sf)  
2004 TV: \$84,874 (\$1.58 sf)  
2012 TV: \$707,240 (\$13.20 sf)
- 035894: \$1,300,000 on 10/2/08 (\$15.07 sf)  
2004 TV: \$139,865 (\$1.62 sf)  
2012 TV: \$1,241,990 (\$14.40 sf)
- 005337: \$846,500 on 2/27/08 (\$14.50 sf)  
2004 TV: \$102,770 (\$1.76 sf)  
2012 TV: \$770,480 (\$13.20 sf)



### Appealed by 2 Smiths, LLC

**Book 1788, Page 943**



**Points to Consider**

- Sale Price: \$1,029,000 (excise)
- Sale Date: September 29, 2010
- 3 Parcels (039983, 039984, & 039985)
- Disqualified sale (NCDOR)
- \$5.50 per square foot (all)
- Discount for multiple-parcel purchase?

### 2 Smiths, LLC appeal



**Current List Prices**

- **Lot #1: \$596,112 (\$12 sf) LIST**  
2004 TV: \$91,265 (\$1.84 sf)  
2012 TV: \$506,510 (\$10.20 sf)
- **Lot #2: \$595,896 (\$12 sf) LIST**  
2004 TV: \$86,058 (\$1.73 sf)  
2012 TV: \$462,080 (\$9.30 sf)
- **Lot #3: \$1,011,032 (\$11 sf) LIST**  
2004 TV: \$147,628 (\$1.61 sf)  
2012 TV: \$937,500 (\$10.20 sf)

### Appealed by John A. Flood III Parcels 024908 & 024909

	At Appeal	After Correction
Land (024908)	\$36,000	\$36,000
Land (024909)	\$36,000	\$30,000
Building	\$194,630	\$165,490
OBV	\$5,600	\$4,100
2012 Tax Value	\$272,230	\$235,590
2004 Tax Value	\$213,854	\$213,854
Difference	+27.3%	+10.16%

Chairman Mitchell then opened the discussion for Board members.

Commissioner Lancaster stated the revaluation model is only as good as the variables placed into it. He stated Mr. Cain’s model may be “broken” and gave an example of a property owner whose value had increased immensely. He commented banks will not lend money based upon one’s tax value. He said it seems vacant land, commercial property and farm land have experienced the most increase. Commissioner Lancaster stated 2012 values do not compare to the values of 2006 based on the change in the economy. He said it seems as though Mr. Cain does not have a lot of comparables which makes it hard for him to understand how the value is calculated. Commissioner Lancaster stated the County already has high taxes and the values must be made correctly in the next two weeks or the Board must take matters into its own hands.

Commissioner Swanson also gave an example of a constituent in his district. He said the citizen’s assessment did not seem as though it was fair market value and wanted to know why there are such discrepancies in values. He said the values of many residential properties in his district increased some as much as 61% not including commercial properties. Mr. Cain stated he too would be perplexed and again encouraged appeals.

Commissioner Dunston stated there seems to be great disparities in Mr. Cain’s values. He commented on a citizen he spoke with from the southeastern area of the county where the “poor people” live and where there are astronomical discrepancies. He said he realizes Mr. Cain is addressing each appeal individually, but said it seems as though there are many cases of incorrect values that should be examined.

Commissioner Lancaster stated a citizen had been told filing an appeal would not likely make a difference. He stated beyond the informal appeals process it is the Board’s decision as it sits as the Board of Equalization and Review.

Commissioner Bunn stated he had spoken to representatives of the real estate and banking industry who informed him such increases in values are unreasonable unless

improvements had been made since a previous revaluation. Commissioner Bunn stated it was not fair for so many citizens to go through the appeal process.

Commissioner Foy encouraged anyone who questioned their assessed values to complete the informal appeal as soon as possible and to encourage others to do the same. He said if that process is not successful citizens should plan to appeal to the Board of Equalization and Review.

Chairman Mitchell commented the he had previously met with Mr. Cain, the County Attorney, County Manager and Tax Administrator several times and said at the last meeting he personally challenged Mr. Cain to be better prepared. He said he had asked for certain properties to be used as examples and stated the situation at hand impacts the entire county not just the US#1 Corridor. He said he had asked Mr. Cain to utilize the parcels as examples with all personal information redacted which was not done. Secondly, he said he asked Mr. Cain to review the suggested properties and make a determination on whether or not they were correct or incorrect and to be ready to defend his position. Chairman Mitchell stated in his opinion Mr. Cain had fallen short. He said the values (especially) on commercial and vacant properties are off base and said he has not heard any adequate explanations from Mr. Cain. Chairman Mitchell asked Mr. Cain for his opinion on how to move forward.

Mr. Cain stated he felt we are moving in the "right direction" and cautioned the Board and taxpayers from assuming the values assessed in 2004 were correct. He said he had established that some of the 2004 values were in fact not correct. Mr. Cain then asked for forgiveness for his lack of preparation and stated his father had endured a heart attack over the weekend. Mr. Cain stated he had never been a fan of the suggested 20 day grace period in which to submit informal appeals. The timeframe was one of numerous complaints mentioned by citizens prior to the meeting. Mr. Cain stated he wanted the values to be correct across classifications and said he understood that citizens look to Commissioners to be responsive, but asked the Board to understand that Assessment Solutions, Inc. wants the values correct as well.

Commissioner Lancaster said a number of commercial buildings are overvalued and instructed Mr. Cain to take a look at those.

Chairman Mitchell asked the Board to consider creating an advisory committee (consisting of appraisers, business owners, bankers, farmers, etc.) to assist the Board of Commissioners as it sits as the Board of Equalization & Review in the formal appeal process.

Commissioner Swanson made the motion to create the advisory committee with each Commissioner having an appointment, seconded by Commissioner Lancaster.

Commissioner Dunston recommended the motion be amended to allow Tax Administrator Jimmy Tanner to form and make appointments to the informal advisory committee. The motion was seconded by Commissioner Swanson and duly carried approval with all present voting "AYE."

Tim Cain was directed by the Board to provide an update at its next regular meeting scheduled for March 19, 2012.

## 2. PUBLIC COMMENT

At approximately 6:15 P.M., Chairman Mitchell opened the floor for public comment and asked that comments be kept within a three-minute timeframe. Over 30 taxpayers spoke regarding the concerns and frustrations with the assessed values. Many also expressed frustration with the County's tax rate. Speakers specifically detailed their own properties and concerns. Many also stated their concern with a 20-day timeframe that was listed on the notices and felt that additional time for appeals should be allotted. It was noted there was a bid process used to select the reappraisal contractor. The bid awarded to Assessment Solutions, Inc. was over \$700,000. The following citizens provided comment.

Tracy McKenzie, Youngsville
Jim Pearce, Youngsville
Richard Gill, Franklinton
Carlton Eaves, Epsom
Gilbert Silva, Kittrell
Charles Holloway, Franklinton
Tim Jackson, Youngsville
Tom Penny, Youngsville
William Pearce, Franklinton
John Hill, Youngsville
Nita Mahoney, Louisburg
Bert Hale, Alert
Daniel Price, Louisburg
Wayne Haas, Franklinton
Charles McGhee, Youngsville
Craig Ray, Zebulon

Ann Marie Dellamorte, Youngsville
Mike Makar, Bunn
Larry Mebane, Louisburg
Joe Taylor, Zebulon
Alton Richardson, Castalia
Gary Baker, Franklin County
Vincent Harris, Louisburg
Mr. Neal, Louisburg
Avery Clifton, Henderson
William Ball, Louisburg
Charles Carlyle, Youngsville
Hank Graham, Franklin County
Chuck Barrow, Franklin County
Scott Lerew, Kittrell
Terry Dodson, Bunn
Debbie Oglevie, Franklinton

Chairman Mitchell thanked everyone for attending the meeting and encouraged citizens to submit their appeals as well as encourage others to appeal. He then provided information about another opportunity for involvement. He stated a public meeting for the US#1 Corridor Study is scheduled for March 6, 2012 at Franklinton High School from 6-8 P.M.

At 7:54 P.M., Commissioner Swanson made a motion to adjourn, seconded by Commissioner Dunston. The motion duly carried with all present voting "AYE."

---

E. Shane Mitchell, Chair

Kristen G. King, Clerk to the Board