Roadmap to

NORTH CAROLINA PROPERTY TAXES

General Assessment Overview

North Carolina consists of 100 counties, ranging in size, governed by the county manager. County commissioners are elected, and the size of the county board is five members. County assessors and tax collectors are appointed by the county commissioners. Some counties combine these roles as "County Tax Administrator."

Under the Machinery Act, all property must be reassessed at least once every eight years. While most counties stick to an eight-year revaluation cycle, some have switched to a four-year cycle and others to a five or six-year cycle.

Assessed property values do not change "mid-cycle," except under limited circumstances such as physical changes or site improvements, clerical or mathematical errors, or correcting a misapplication of the Schedule of Values. Market changes do not trigger a reassessment.

A purchase doesn't cause revaluation but may be factored in during the next reassessment. The closer the purchase to the revaluation year, the more influence it will have. A standard sale within 12 months prior to the assessment date would have significant influence on the next assessment; property owners could project the new assessed value to be 90–100% of the purchase price.

All properties must be appraised at 100% of fair market value, with a lien date of January 1. For real property assessments, an assessor can determine value using any of the three approaches; however, in valuing commercial property, the income approach is most heavily utilized. **Value notices are issued between January 1 and June 1, with an appeal deadline of 30 days from the date the notice was mailed.**

Schedule of Values

The Schedule of Values is a set of standards and rules that the county assessor uses to uniformly derive the assessed valuation of real property countywide. The Schedule of Values is created by or under the supervision of the tax assessor in the year before revaluation, submitted to the county commissioners, opened to public hearing, and finally approved and adopted by the county commissioners.

After the adoption of the schedule, there is a 30-day appeal period for citizens of the county to challenge its validity. Once the appeals period is complete, the Schedule of Values becomes the county standard for the remaining years before the next revaluation.

Real Property Returns

The deadline for filing real property returns is April 1. Real estate returns are required 1) when substantial physical changes have occurred to land or buildings, 2) to declare changes to the name in which title of the property is held, and 3) to allow taxpayers to render an opinion of value that is less than the current value. Under scenarios 1 and 2, a 10% penalty may be assessed if a return is not filed, but few counties assess the penalty.

Property Tax Appeals

A taxpayer may appeal the appraised value during the reappraisal year or any year of the reappraisal cycle. Although not required by law, most counties allow property owners to contact the tax assessor's office informally and seek a resolution without filing a formal appeal. This informal review must be requested within 30 days of the date on the printed valuation notice. If further action is necessary, a formal appeal can be filed to the local Board of Equalization and Review (BOE), who usually begins reviewing appeals the first week of April.

This appeal must be filed before the BOE adjourns for the year. However, it is recommended to file the appeal as early as possible to ensure it is resolved before tax bills are issued. This level of the appeals process allows both the taxpayer and county time to present their cases. A decision can be made immediately or delayed for further deliberation and will be sent to the taxpayer in writing.

Property owners who are not satisfied with the decision of the local board may appeal to the state BOE, also known as the Property Tax Commission. This is a trial court that leaves the burden of proof with the taxpayer. The tax commission renders a decision based on the greater weight of evidence. Evidence can be presented as documents or sworn testimony, and the county is permitted to cross-examine any witnesses. Appealing the tax commission's decision goes to the state court of appeals and state supreme court; however, these bodies may decide not to hear the case as grounds for appeal are more limited.

Tax Rates

Tax rates for each county are set by the county commissioners based on the taxable base for the county and the county's budgetary requirements. The tax rate must be adjusted each year; however, the adjustment is only significant in a revaluation year. Tax rates do not necessarily rise and fall parallel with real estate values as there are several other factors involved in the calculation, including tangible property such as registered vehicles and personal property. It is also not uncommon to see the millage rate rollback in a revaluation year.

Tax Bills

Tax bills are mailed in July and August. Taxes are payable on September 1; however, taxes are not delinquent if paid on or before the following January 5. Some counties offer discounts for early payment.

The local government budget operates on a fiscal year (July 1–June 30), but the tax lien on the real property and the tax billing and collection process operate on a calendar year (January 1–December 31). Therefore, even though the property tax bill is not created until the middle of the current year, it will relate back to January 1 of the current year. Property tax accruals and property tax prorations upon sale should also be based on a calendar year.

Personal Property

Business personal property is reassessed every year according to its actual value on January 1. It includes office furniture, machinery, computers, and other business equipment. North Carolina counties use a trending method to appraise personal property.

Counties request taxpayers list their property at original cost by year of acquisition. Counties then trend the original cost up to reach current replacement cost new and then apply a straight-line depreciation schedule to reach market value. Most of the counties use trending schedules developed by the North Carolina Department of Revenue.

Business personal property listings are due on or before January 31. An extension of time to list may be given by sending a written request with good cause to the county assessor by the end of January. County commissioners may grant extensions up to 30 days during non-reappraisal years and up to 60 days during reappraisal years. Individual extensions of time to list for good cause may be granted up to April 15, if applied for during the regular listing period.