

**2019 Reappraisal
Citizen Questions
November 6, 2018**

Questions on our 2019 reappraisal have quickly started to pile-up. Last week, the tax office attempted to respond to each question to ensure each citizen was getting an individual response.

After reading all of your comments, we've noticed that the high volume is generated mostly by citizens who have the same, or very similar, questions. For now, we've determined the best approach for responding quickly would be to compile the questions we receive, provide answers for each unique question, and post them for your review.

As always, if you need additional detail or guidance, please call the tax office at 919-560-0300 or email us at tax-reval@dconc.gov.

I hope the following responses will further clarify the reappraisal process, why we have shortened the reappraisal cycle, and how the process works in conjunction with the taxation process.

How a reappraisal works

A reappraisal is time consuming. A great deal of work goes into reviewing every sale that occurs within our County. We also must study income for properties that generate income (apartments, rental properties) as well as the cost of construction within our region.

In late 2016, the NC Department of Revenue issued new reappraisal guidelines to ensure counties were reviewing the necessary components for reappraisals, **which included visiting every parcel within the County prior to their next reappraisal.** Durham County met those requirements to ensure we were taxing 115,568 properties as accurately as possible.

The reappraisal cycle

North Carolina law entitles citizens in all 100 counties to a fair taxation process. There are no provisions that allow for local governments (counties and cities) to change how the valuation and taxation process works, other than the ability to shorten the reappraisal cycle and set their own tax rate.

Durham County followed an 8-year reappraisal cycle from 1977 through 2016. In 2013, discussions began between the County Commissioners and Tax Assessor to consider reducing the number of years between reappraisals based on a recommendation by the NC Department of Revenue.

Why the reappraisal cycle is being shortened

During the recession that began in late 2008, citizens who purchased homes for very reasonable prices in 2009-2012 were faced with tax values from the 2008 reappraisal,

which were developed when the market conditions were much better. At that point, citizens were upset that we were not on shorter reappraisal cycles. We understood those concerns, and Commissioners were presented with options for how to do this as we neared the 2016 reappraisal.

As the Assessor, I recommended going to a three-year reappraisal due to market conditions that indicated prices would continue to increase over the next few years. I made this recommendation because the longer we wait to do the reappraisal, and the more that a property's market value exceeds its assessed value, the more inequitably our County tax burden would be distributed. My job is to make sure that the tax burden is equitable for all of our property owners.

After this three-year cycle, Durham will proceed on four-year cycles.

Keep in mind that **Location, Location, Location** is very important for our assessment. If areas of our community were growing faster than others, we needed to ensure they were paying their fair share of the tax. It appears, based on preliminary results, the market around our city center is very robust.

However, other areas have now begun to see some decline that maybe didn't experience declines in the past. We also have areas that declined in 2016 but appear to be rebounding. All these market conditions need to be recognized so that the tax burden is distributed equitably.

We are seeing national economic indicators that lead us to believe the housing marketing could be slowing down. If that occurs, and the County did not consider more frequent reappraisals, then citizens would be paying taxes based on an assessed value that would be higher than their home's market value yet again, just as they did after the last recession.

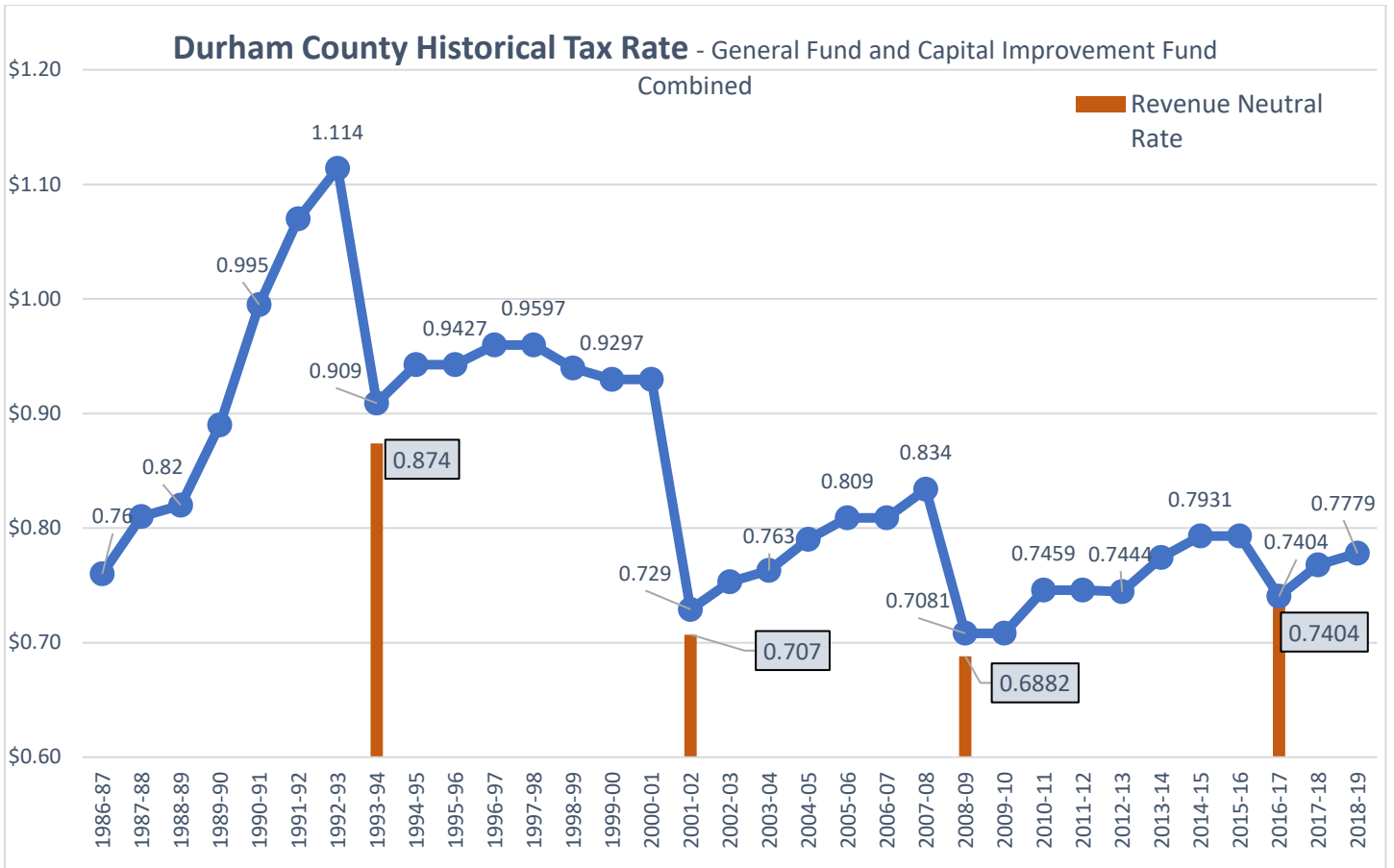
A shorter cycle helps ensure your tax value is more in-line with market conditions—a situation that is most equitable. There are several counties moving to reappraisal cycles of 2-3 years for this very reason. The reappraisal is not intended to do anything more than ensure the market conditions are being recognized more often.

Reappraisals and tax rates: Two different processes

The Assessor is responsible for delivering tax base estimates to our elected officials for budgeting purposes.

The tax rate is recommended by our County Manager and then reviewed and approved by the County Commissioners. The rate is based, in part, on the reappraisal results, but it must also consider what services our citizens are demanding.

The chart below shows that, in a reappraisal year like 2019 will be, the Commissioners have reduced the tax rates based on higher property values:



Source: Durham County Budget Office

NC does offer exemptions to our elderly and disabled. The application process begins in January and ends June 1. These programs are statewide to ensure we are being consistent. Our office also recognizes that citizens who don't qualify for exemptions need assistance getting their taxes paid. We offer payment plans and hardship payment plans.

As questions continue to come in, we will continue to post these global responses.

Again, if you have more specific questions or need additional assistance, please call the tax office at 919-560-0300 or email us at tax-reval@dconc.gov.