

FINANCE COMMITTEE MEETING
TUESDAY, OCTOBER 10, 1995, 10:30 AM
ROOM 564, COUNTY COURTHOUSE

Present: Billy King
Lee Warren

Absent: Marshall Faircloth

Others: Cliff Strassenburg, County Manager
James Martin, Deputy County Manager
Carlisle McCutcheon, Finance Director
Steve Horne, County Assessor
Julia Godwin, Assessor's Office
Brenda Foreman, Sr. Staff Attorney (Arrived 8:20 AM)
Rhonda R. Davis, Deputy Clerk
Press

The meeting was duly called to order.

1. Discussion: Valuation of Vehicles (Referred to Committee by Board of Commissioners on October 2, 1995)

Mr. Strassenburg stated a proposal was presented during the last Commissioners meeting to change the County's process for appraisal of motor vehicles. Commissioner Keefe felt the current method valued vehicles too high. The matter was deferred to the Finance Committee for further discussion. He noted the County currently uses a system of valuation offered by TEC Data Systems in Cary.

Steve Horne noted the manual used by TEC Data Systems for Cumberland County values vehicles at 98% of the retail value.

Mr. Strassenburg advised the General Statutes will not allow the County to value vehicles at wholesale value.

Mr. Horne advised there are seventy-one counties in the state that use a pricing schedule that values vehicles at 95% of the retail value. Ten counties are using the 98% retail value schedule that Cumberland County uses. They are the larger counties in the state where the retail market is higher. This is the third year Cumberland County has used this system. The County formerly used the NADA pricing guide, in which the retail value was much higher than it is with the current system. Since the law change in the billing of vehicle taxes, the Assessor's Office has had to bill vehicles on a monthly cycle. Using TEC is a more efficient way to calculate vehicle values. TEC forwards the values on an electronic tape and it is sent directly to the Information Services Department for use in processing the tax bills.

Mr. Martin advised Robeson County uses a computer software system for valuation of vehicles as well. He noted that any method of valuation will not have complete support from the citizens.

Mr. Strassenburg noted the appeals process for the valuation of vehicles. A citizen has thirty days to appeal a valuation.

Commissioner King stated he felt the thirty day time frame was a drawback to this new billing system.

Mr. Horne advised there are four vehicle appraisers on staff. Adjustments will be made to valuations of vehicles with high mileage or other particular conditions.

Commissioner King asked Mr. Horne if more time was allowed for appeals, does he think it would make a difference in the number of appeals they hear?

Mr. Horne stated he feels it would give more time for appeals if the time limit was increased. He believes the State Legislature is looking into the possibility of increasing the time limit for appeals.

Mr. Strassenburg stated he felt that if a citizens did not appeal a valuation in thirty days, they probably would not appeal it if they had sixty days.

Commissioner Warren asked what would be the outcome of going to the standard manual and not using the one that is being used now?

Mr. Horne stated the County would lose approximately \$371,000 in tax revenue.

Mr. Strassenburg noted the current assessment method used now gives an electronic value for vehicles. It makes the time frame for getting the bills out much faster. It also decreases errors because the values are not manually keyed into the computer.

Mr. Horne noted the County pays approximately seven thousand dollars per year for this service.

Mr. Strassenburg noted the values received from TEC Data Systems takes the depreciation of vehicles into consideration.

Mr. Horne noted the Assessor's Office will accept a bill of sale in order to value a new vehicle, if the citizen brings it into their office.

Mr. Strassenburg stated he feels the County has an equitable system in place. Larger counties use the 98% valuation because the secondary market prices of vehicles tend to be higher. All counties use this type of service because of the new operational procedures.

Commissioner Warren stated he has no problem in using the manuals that value the vehicles at 95% of the retail value. But, the County would have to make up the lost revenue somewhere. They may end up taking a burden off the vehicle owners who may not own real property and put the additional burden on the property tax payers.

Commissioner King asked how a change to a different valuation method would impact the Assessor's Office.

Mr. Horne advised the change would have to be made at the first of the year since all the other valuations made so far this year have been done with another method.

Mr. Strassenburg advised a valuation change for vehicles would result in a revenue shortfall.

Mr. Horne noted that automobile values are increasing every year.

Commissioner King also noted he is in support of the notion of relief for the citizens, but feels the current system is fair.

Commissioner Warren asked what the difference in a normal vehicle tax bill would be with an adjustment from 98% valuation to 95%.

Mr. Horne noted the average bill would reflect a difference of approximately \$5.00.

Commissioner Warren again stated he does not want to further the burden on the property owners in the county by giving a break on the vehicle valuations. This reduction would just be a "smoke and mirrors" tax break. The County would have to raise the revenue somewhere else or cut departmental budgets. If the Commissioners want to give a tax break to the citizens, they should reduce the tax rate.

MOTION: Commissioner Warren offered a motion that the County continue with the present procedure of valuing motor vehicles.

SECOND: Commissioner King

VOTE: UNANIMOUS

Meeting adjourned at 10:57 AM.