

Comments on Mountaineer Article, Sept. 5, 2011
State auditor mum on county tax review, by Vicki Hyatt,
by Monroe Miller

[Editors Note: Original text of the article is highlighted in blue. Comments on the contents of the article are followed with a notation such as this **Editors Note** in square brackets].

An informal complaint prepared by Waynesville area resident Monroe Miller and sent to Beth Wood, the N.C. Auditor, is unlikely to gain any traction, said a spokesman in the state office.

[Editors Note: “... unlikely to gain any traction”? Kind of harsh. When reading through the rest of the article, it is hard to imagine that Dennis Patterson, spokesperson for the N.C. Office of the State Auditor would actually make a comment like that. Sounds like that might be an editorial opinion].

Miller prepared a 64-page document detailing why he believes the Haywood County 2011 revaluation and the county’s revenue-neutral tax rate calculation are faulty.

[Editors Note: There were two documents: A 5 page Executive Summary, addressed to State Auditor Wood, and a 64 page Supplement].

The complaint was sent to the five elected county commissioners and County Tax Collector David Francis, and was also sent to the press, and posted on Millers personal website.

[Editors Note: The Informal Complaint was against David Francis and the Five Commissioners, and yes, they all were sent a copy. I never posted the Informal Complaint on my website, www.haywoodtp.net, as was stated in the article].

Both problems, Miller noted in his letter to Wood, “may rise to the level that personnel from the Office of the State Auditor should investigate”.

Dennis Patterson, spokesperson for the N.C. Office of the State Auditor, said the state policy is never to confirm or deny a complaint or whether an investigation is taking place.

“Otherwise you tip your hand,” he said. “The first word we put out is the report that’s released if a complaint ever gets to that stage. We look to see if there is any validity. If we feel it is worth pursuing, we put a team on it”.

That said, it is the state auditor’s office policy to never get involved in city or county tax matters, something Patterson call “outside our scope of authority”.

“We stay out of it unless state of federal money is involved,” he said.

[Editors Note: Subsequent feedback to me from the State Auditor’s Office was “... We investigate claims of possible “Fraud, Waste & Abuse” involving State funds. We do not handle or have jurisdiction over County funds/local government management issues.” Well, you never know unless you ask. So why would Patterson ever be motivated to say something like it “is unlikely to gain any traction”?]

Miller’s complaint about the 2011-12 revenue-neutral tax rate, in a nutshell, is that the overall property values used to calculate the rate are in error and have thus skewed the published tax rate - one that ideally will result in no net gain or loss to the local government entity.

The revenue-neutral tax rate is one county commissioners must calculate prior to setting the tax rate when adopting a new budget using a proscribed formula. The revenue-neutral formula allows for a growth factor and is designed to inform taxpayers whether their county leaders are holding the line on taxes, raising them or lower them. The rate is an informational tool and imposes no obligation for county leaders who must balance a budget and ensure county services they deem necessary are covered.

[Editors Note: The Finance Director makes the calculation, not the county commissioners. The revenue-neutral tax rate is only calculated when there is a revaluation, not simply “when adopting a new budget”.

The revenue-neutral formula takes into account for both a growth **and decline** in total property values, a factor David Francis did not take into consideration when supplying property tax information to the Finance Director’s office (unless a house burned down) [re: Informal Complaint].]

Miller’s second complaint focuses on the recent property revaluation process, one he alleges has overvalued the lower-priced homes and under-valued the higher priced homes by a margin exceeding 15 percent.

[Editors Note: There was no mention in the Informal Complaint of “under-valued the higher priced homes”. I indicated that “Subsequent to the revaluation, sales data provided from David Francis for the first five (5) months in 2011 show **more** property’s were assessed outside of a threshold of greater than 15% than within 15% of the actual sales price”, and “It appeared that those Haywood County Taxpayers that owned the lower income property were taking a disproportionate “hit”, [this might be considered a class action]”.]

County Leaders discussed the dilemma posed by very low sales numbers at length and even postponed property revaluation for a year to have a larger number of recent sales use in determining the worth of land or buildings.

During discussions about revaluation, the board recognized that the higher volume of sales in the lower-priced home category and fewer higher-dollar home sales would tend to raise values where the sales were brisker.

[Editors Note: I cannot figure out the relevance of this paragraph, equating higher sales volume in lower-priced homes to jacking up the assessments for lower priced homes. Higher sales volume, in retrospect, did not increase the actual value of those lower priced homes, as Francis’ own data shows. [re: Informal Complaint].]

They ultimately concluded late last year that a 2011 revaluation might catch values at their lowest point before an economic recovery.

[Editors Note: They may have concluded late last year that a 2011 revaluation might catch values at their lowest point before an economic recovery, but the decision to move forward with the revaluation was made at a Budget Work Session on April 19, 2010.]

By law, commissioners must conduct a revaluation every eight years. The county was in year six, and could have postponed the process.

Miller routinely refuses to make comments on-the-record to news reporters. He has attended almost every public meeting held by the county commissioners for the past several years, prints a newsletter concerning his research on the issues discussed and takes the podium during the public comment portion of the meetings.

The results of his exhaustive research regarding state statutes, financial documents and regulatory issues are often included in letters sent to state government or regulatory agencies.

[Editor’s Note: Update. As indicated in my public comments at the Sept. 6th County Commission Meeting [re: <http://haywoodtp.net/pubII/110906PublicComments.pdf>], “The complaint was submitted to a wide spectrum of agencies, including the Governor, and to my astonishment, the “package” was hand carried by one of those agencies to the desk of a director of an agency that I would have never guessed would be involved. They are currently evaluating it to determine their best course of action.” (So, it looks like there may be “traction” after all.) That agency will be disclosed on a cable television program Monday evening, September 12th, **Citizens Speak**, Channel 10 in Haywood County].