SUPREME COURT OF VIRGINIA

City of Martinsville v. Commonwealth Boulevard Associates, LLC, 268 Va. 697

604 S.E.2d 69 (2004) · No. Record No. 040218 · Decided November 5, 2004

SUMMARY

The Supreme Court of Virginia held that a taxpayer may seek relief under Code § 58.1-3984 from an erroneous annual real estate tax levy without proving that the prior general reassessment was erroneous when originally made. The court affirmed a reduction of the property's assessed value and a refund of taxes paid for the first half of 2001, based on evidence that the assessment exceeded fair market value.

CASE DETAILS

COURT	Supreme Court of Virginia
WRITING FOR THE COURT	Charles S. Russell, Senior Justice; Hassell, C.J.; Lacy, J.; Keenan, J.; Koontz, J.; Lemons, J.; Agee, J.; Russell, Senior Justice
JURISDICTION	Virginia
DECIDED	November 5, 2004
DOCKET	Record No. 040218
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from the circuit court's judgment granting the taxpayer's motion for summary judgment, reducing the property's assessed valuation for the first half of 2001, and ordering a refund of taxes paid.
STANDARD OF REVIEW	The appeal arose from cross-motions for summary judgment; the material facts, except valuation, were undisputed. The Supreme Court reviewed the legal issue and the supporting judgment on the evidentiary record and affirmed.
PRECEDENTIAL VALUE	Published opinion; binding precedent of the Supreme Court of Virginia.
PARTIES	City of Martinsville v. Commonwealth Boulevard Associates, LLC

TOPICS

property tax · tax refunds · municipal law · statutory interpretation · remedies

PRACTICE AREAS

property taxation · municipal law · real estate valuation · statutory interpretation · civil procedure

QUESTIONS PRESENTED

1. Whether a taxpayer may challenge an annual real-estate tax levy under Code § 58.1-3984 without proving that the prior general reassessment was erroneous when originally made.
2. Whether the trial court could reduce the assessment to the property's fair market value and order a refund of taxes paid under the erroneous levy.

HOLDINGS

1. Yes. A taxpayer may obtain relief under Code § 58.1-3984 by proving that either the general reassessment or the annual levy valued the property above fair market value, was nonuniform in application, or was otherwise invalid or illegal; the taxpayer need not show that the prior general reassessment was erroneous when made.
2. Yes. Upon finding that the property was assessed above fair market value for the first half of 2001, the trial court could reduce the assessment to fair market value and order repayment of taxes paid under the erroneous assessment.

KEY QUOTATIONS

> *"More specifically, may the taxpayer challenge an annual levy of taxes without showing that the previous general reassessment, upon which the annual levy was based, was erroneous? We answer the question in the affirmative."* (604 S.E.2d at 69)

> *"A taxpayer is entitled to relief under Code § 58.1-3984 if he carries his burden of proving that in either the general reassessment or in the annual levy of taxes "the property in question is valued at more than its fair market value or that the assessment is not uniform in its application, or that the assessment is otherwise invalid or illegal.""* (604 S.E.2d at 71)

FACTUAL BACKGROUND

Martinsville's January 1, 1999 general reassessment valued the former Tultex manufacturing property at $12,408,700, and that valuation governed annual levies through June 30, 2001. After Tultex filed for bankruptcy, the property became vacant and essentially gutted; an appraisal valued it at $2,375,000 as of December 5, 2000, and CBA purchased it for $750,000 on January 4, 2001. CBA paid approximately $58,321 in taxes for the first half of 2001, which were based on the 1999 valuation, and sought relief under Code § 58.1-3984.

PROCEDURAL HISTORY

Commonwealth Boulevard Associates, LLC brought suit under Code § 58.1-3984 seeking relief from an allegedly erroneous real-estate tax assessment. The trial court granted summary judgment for CBA, reduced the assessed valuation to $2,375,000 based on an independent appraisal, and ordered repayment of the taxes paid. The Supreme Court of Virginia awarded the City an appeal and affirmed.

DISPOSITION

affirmed

CASES CITED

- Hoffman v. Augusta County, 206 Va. 799, 146 S.E.2d 249 (1966)