

Bond Case Briefs

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TAX - RHODE ISLAND

Whittemore v. Thompson

Supreme Court of Rhode Island - June 24, 2016 - A.3d - 2016 WL 3508315

Taxpayers filed petitions for relief from property tax assessments on their home.

The Superior Court granted petitions. Tax assessor appealed.

The Supreme Court of Rhode Island held that:

- Taxpayer had burden to produce evidence from which the trier of fact could sufficiently discern fair market value;
- Taxpayers overcame presumption of correctness applicable to tax assessor's assessment of home;
- Evidence supported trial court's decision to reject comparable sales data, and reduce the property's previous assessment in accordance with a market trend approach; but
- Town's failure to provide proper notice did not preclude the affirmative defense that taxpayers failed to file timely accountings.

Taxpayers challenging property tax assessments on their home, purchased for \$7,100,000 at a time when home's assessed value was \$5,260,900, presented sufficient evidence to overcome presumption of correctness applicable to tax assessor's assessment of home at \$5,905,000 one and a half years after sale. Despite testifying that he would not consider a sale price that he believed to be an outlier when assessing a neighboring property, assessor used outlier sales values for subject property and neighboring property to justify raising the assessments, the only comparable sale assessor could identify was the sale of neighboring property, and there was evidence that the neighborhood had been affected by a decline of 6 percent in market value during the relevant time period.

Evidence in action challenging property tax assessment on high-end residential real estate supported trial court's decision to reject comparable sales data, and reduce the property's previous assessment in accordance with a market trend specific to the neighborhood at issue. Experts testified about the paucity of useful comparable sales during the relevant time period during an economic downturn, experts testified that sales in the high-end market tended to be less reliable in calculating fair market value, assessor's own testimony indicated that he did not believe there were any reliable comparable sales for supporting the assessments, and there was evidence that the neighborhood had been affected by a decline of 6 percent in market value during the relevant time period.

Town's failure to provide proper notice to taxpayers of the consequences of their failure to file a sworn and timely account with petition for relief from property tax assessment did not preclude town from raising the affirmative defense that taxpayers failed to file timely accountings. Tax assessor's obligation to provide required notice in a single form was directory, rather than mandatory, as governing statute did not provide any specific remedy for the town's failure to provide the specific language on application form.

