

BEFORE THE IDAHO BOARD OF TAX APPEALS

CHARLES THURBER,)	
)	
Appellant,)	APPEAL NOS. 20-A-1113,
)	20-A-1114, and 20-A-1115
v.)	
)	FINAL DECISION
ONEIDA COUNTY,)	AND ORDER
)	
Respondent.)	
)	
)	
)	

COMMERCIAL PROPERTY APPEALS

These appeals are taken from three (3) decisions of the Oneida County Board of Equalization denying appeals of the valuations for taxing purposes on properties described by Parcel Nos. RP0005200A, RP0005502A, and RP0005503A. The appeals concern the 2020 tax year.

These matters came on for telephonic hearing October 28, 2020, before Board Member Leland Heinrich. Appellant Charles Thurber was self-represented. Prosecuting Attorney Cody Brower represented Respondent.

Board Members David Kinghorn, Leland Heinrich, and Kenneth Nuhn join in issuing this decision.

The issue on appeal concerns the market values of three (3) commercial parcels.

The decisions of the Oneida County Board of Equalization are affirmed.

FINDINGS OF FACT

Appeal No. 20-A-1113 (RP0005200A)

The assessed land value is \$10,000, and the improvements' value is \$13,795, totaling \$23,795. Appellant agrees with the improvements' valuation, but contends the correct land value is \$2,768, totaling \$16,563.

This subject parcel is a .03 acre commercial property located in the downtown corridor of Malad City, Idaho. The property is improved with a commercial building, though physical

details were not provided.

Appeal No. 20-A-1114 (Parcel No. RP0005502A)

The assessed land value is \$10,000, and the improvements' value is \$37,075, totaling \$47,075. Appellant agrees with the improvements' valuation, but contends the correct land value is \$4,644, totaling \$41,719.

This subject parcel is a .05 acre commercial property located in the downtown corridor of Malad City, Idaho. The property is improved with a commercial building, though physical details were not shared.

Appeal No. 20-A-1115 (Parcel No. RP0005503A)

The assessed land value is \$379. Appellant contends the correct land value is \$692.

This unimproved subject parcel is 338 square feet in size and provides rear access to one (1) of the above-described subject properties.

Appellant raised a couple arguments concerning whether the subject properties were assessed equitably. Specifically, Appellant challenged Respondent's assessment methodology with respect to small commercial parcels. It was explained Respondent assigns a standard \$10,000 lot value to properties below a certain minimum size threshold, rather than applying a consistent per-square-foot assessment rate to each commercial parcel. In this regard, Appellant provided assessment information for five (5) other commercial properties in the area. According to Appellant, land values for the referenced commercial properties ranged from \$0.38 to \$2.64 per square foot. Comparing these land rates to subjects' overall land assessment rate of \$5.16 per square foot, Appellant argued the subject lots were inequitably assessed.

In a related argument, Appellant contended the three (3) subject parcels should be valued as a single commercial property, and the \$10,000 standard lot value should be allocated among the subject lots based on square footage. In Appellant's view, it was inequitable to assign the standard \$10,000 lot value to each of the improved subject parcels.

Respondent explained while its commercial land value schedule produces credible results for standard sized commercial lots, the schedule does not perform well for valuing smaller commercial parcels, nor atypically large commercial lots. After consulting with various sources, Respondent determined commercial parcels below the minimum size threshold should be valued at a flat \$10,000 rate. It was noted parcels exceeding the minimum size threshold are assessed using the standard commercial land value schedule. Respondent provided a list of assessed values for small commercial parcels in the neighborhood. Though there were a handful of variations, the list provided by Respondent showed most commercial parcels between roughly 830 and 5,100 square feet were assessed at the standard \$10,000 rate. Respondent maintained the subject parcels were assessed consistently with other smaller commercial lots in the area.

In response to Appellant's argument the subject properties should be considered a single property for purposes of assessment, Respondent contended such assessment treatment would be improper in this instance. While the subject properties are adjacent, the properties are separate and distinct legal access, with no interior access between the two (2) buildings. Respondent additionally noted the subject properties have historically been valued on an individual basis, and argued where the commercial uses are different, it would be improper to "combine" the properties for purpose of assessment.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value in fee simple interest, or, as applicable, exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2020, in this case. Market value is always estimated as of a precise point in time. Market value is defined in Idaho Code § 63-201, as,

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Market value is estimated according to recognized appraisal methods and techniques. The sales comparison approach, the cost approach, and the income approach represent the three (3) primary methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Neither party developed a traditional valuation model using one (1) or more of the recognized appraisal approaches in support of their respective value positions. Instead, both parties focused on a comparison of assessed values, with Appellant arguing subjects were inequitably assessed compared to other commercial properties in the area, and Respondent maintaining the subject properties were assessed equitably and consistently. Though the Board appreciates Appellant's concerns regarding potential inequitable assessment, no such inequity was demonstrated in this instance.

“[A]n individual who claims that a selective assessment procedure had deprived him or her of the protection guaranteed by the state constitutional requirement of uniformity of taxation must show a deliberate plan to discriminate based upon an unjustifiable or arbitrary classification.” *Xerox Corp. v. Ada Cnty. Assessor*, 101 Idaho 138, 144, 609 P.2d 1129, 1135 (1980). The data furnished by Respondent demonstrated a standard \$10,000 lot value was consistently applied to small commercial lots in the area. Though the assessment information provided did show some variance in commercial land values on a per-square-foot basis, such is not surprising given the differences in lot sizes applied against the standard \$10,000 lot value. As explained by Respondent, its commercial land value schedule does not perform well with parcels below a certain size threshold, so Respondent adopted a methodology which treats small commercial parcels consistently by assigning a standard \$10,000 lot value, with some adjustments to account for unique physical characteristics. The Board did not find error in Respondent's basic methodology for valuing small commercial parcels, particularly given the dearth of local sales involving similar properties and no income data to develop an income approach model.

The Board was similarly unpersuaded the subject properties should be assessed as a single commercial parcel. The subject lots are legally distinct tax parcels which could be, and have historically been, sold individually. Further, the commercial buildings have no interior connections and are used for different commercial purposes. If the subject properties were operated as a single integrated commercial enterprise, then perhaps they should be assessed as a single unit, but such is not the case here. “[T]he question is not what someone else, however eminent he may be in the field of appraisal work and knowledge of market values,

may think is the proper method, but involves simply the determination as to whether the method used by the assessor was legitimate and fair, and was a reasonable method to use in arriving at the value of the property in question.” *Abbot v. State Tax Comm'n.*, 88 Idaho 200, 206, 398 P.2d 221, 224 (1965). Though Appellant would prefer a different valuation method, the question is whether the methodology employed by Respondent was fair and reasonable, which in this instance the Board found to be the case.

Pursuant to Idaho Code § 63-511, the Appellant bears the burden of demonstrating error in subjects' assessments by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. Appellant relied on a comparison of assessed values, which is not a recognized appraisal approach. More importantly, Appellant did not establish the subject properties were assessed inequitably, or otherwise differently than other small commercial parcels in the neighborhood.

Based on the above the decisions of the Oneida County Board of Equalization are affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Oneida County Board of Equalization concerning the subject parcels be, and the same hereby are, AFFIRMED.