

BEFORE THE IDAHO BOARD OF TAX APPEALS

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| DOUG AND SANDIE HEMINGWAY, |) | |
| |) | |
| Appellants, |) | APPEAL NO. 20-A-1059 |
| |) | |
| v. |) | FINAL DECISION |
| |) | AND ORDER |
| TWIN FALLS COUNTY, |) | |
| |) | |
| Respondent. |) | |
| |) | |
| |) | |
| |) | |

COMMERCIAL PROPERTY APPEAL

This appeal is taken from a decision of the Twin Falls County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPT1590001007AA. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing October 19, 2020, before Board Member Leland Heinrich. Appellants Doug and Sandie Hemingway were self-represented. Deputy Prosecuting Attorney R. Kevin Henry represented Respondent.

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

The issue on appeal concerns the market value of an improved commercial property.

The decision of the Twin Falls County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$138,911, and the improvements' value is \$453,878, totaling \$592,789. Appellants contend the correct land value is \$45,000, and the improvements' value is \$425,000, totaling \$470,000.

The subject property is a 1.06 acre commercial parcel situated in the Twin Falls Eastland Industrial Park subdivision in Twin Falls, Idaho. The property is improved with a 5,140

square foot general commercial building, as well as various parking and dog kennel improvements.

Appellants were concerned with the notable increase in subject's current assessed value, particularly the land value, which nearly tripled over the prior year's assessment. Appellants reported no recent improvements to the property, so questioned why the assessed value increased for 2020.

Respondent explained the increase in subject's land value was the result of a recent land sales study. It was noted land values in the industrial park had remained relatively stagnant for several years due to a lack of sales to support any broad value changes in the area. During 2019, there were two (2) vacant sales across the street from subject. These sales, combined with several from prior years, were analyzed and used to develop a new land table for the industrial park. The land sales pointed to a \$3.07 per square foot rate for parcels in the neighborhood, which base rate was applied throughout the subdivision, with adjustments made for individual property characteristics. Respondent applied a 10% downward adjustment to subject's valuation to account for its larger size, as well as an additional 3% adjustment for a water retention pond required by the city. The land assessment rate for the subject lot is \$3.01 per square foot.

In terms of subject's total market value, Respondent considered all three (3) approaches to value, but ultimately relied on the cost approach due to a lack of recent comparable sales needed to develop a sales comparison model and insufficient income data for the income approach. Respondent characterized subject as a unique property, designed and constructed for use as a kennel business, and therefore not comparable to anything in the area. In terms

of the cost approach, Respondent reported a small downward adjustment to subject's square footage. It was also explained construction costs have increased over the prior year, which contributed to the increase in the value of subject's improvements. In all, Respondent contended subject's assessed value was reasonable and supported by recent market data.

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 three (3) primary approaches to value include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Appellants were particularly concerned with the increase in subject's land value, which increased from \$50,744 in 2019 to \$138,911 in 2020. Though the Board understands Appellants' concerns with the level of increase, the current valuation was supported by recent

sales activity, including three (3) vacant lot sales across the street from the subject property: two (2) from 2019 and one (1) from mid-2017. Respondent concluded a base land value rate of \$3.07 per square foot, which was applied broadly throughout the industrial park. Subject's land value rate is \$3.01 per square foot, which takes into account the lot's larger size and the area dedicated to a water retention pond required by the city. Subject's improvements were assessed using the current year's cost manual, which is common practice for a unique commercial property. In all, the Board did not find error in Respondent's methodology or analysis, nor was there competing market value evidence to support a lower valuation.

Appellants bear the burden of demonstrating error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. Given the record in this matter, the Board did not find the burden of proof satisfied and will therefore not disturb subject's current valuation.

Based on the above, the decision of the Twin Falls County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Twin Falls County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 19th day of January, 2021.

IDAHO BOARD OF TAX APPEALS