

BEFORE THE IDAHO BOARD OF TAX APPEALS

JUPITER, LLC,)	
)	
Appellant,)	APPEAL NO. 14-A-1104
)	
v.)	FINAL DECISION
)	AND ORDER
BANNOCK COUNTY,)	
)	
Respondent.)	
)	
)	
_____)	

COMMERCIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bannock County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RPTAS005801. The appeal concerns the 2014 tax year.

This matter came on for hearing October 29, 2014 in Pocatello, Idaho before Board Member David Kinghorn. Manager Gary Clark appeared at hearing for Appellant. Assessor Dave Packer represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

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

The decision of the Bannock County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$283,140, and the improvements' valuation is \$309,585, totaling \$592,725. Appellant contends the correct land value is \$50,000, and the improvements' value is \$300,000, totaling \$350,000.

The subject property is part of a five (5) building office complex built in 1985. The subject property consists of two (2) separate commercial office buildings (Buildings C & D). Building "C" consists of 4,992 square feet and Building "D" consists of 2,880 square feet of office space.

Subject is located on Yellowstone Avenue in Pocatello, Idaho.

Appellant testified the current combined net operating income for the two (2) office buildings was \$43,502. Appellant contended actual rents should be considered when valuing the subject. Based on subject's actual net income, Appellant determined a total market value of \$350,000.

Respondent provided five (5) unimproved commercial site sales to support subject's land value. The sales took place between 2001 and 2013. Sale prices were between \$6 and \$34 per square foot. Subject's assessed land value equates to a valuation rate of \$11 per square foot.

Respondent calculated a base replacement cost new for Building C of \$602,749 for the 4,992 square foot structure and the asphalt paving. A depreciation factor of 55% was used, resulting in a total improvement value of \$271,240. After applying the same depreciation as above, Building D had a depreciation replacement cost of \$168,930.

Respondent also supplied information on three (3) 2012 and 2013 improved commercial sales. Sale prices were between \$325,000 and \$1,420,000, or between \$34 and \$90 per square foot net of land values.

For the income approach, Respondent estimated a market rent of \$12 per square foot for both buildings and derived a potential gross income amount of \$80,294. Respondent factored in a 15% vacancy rate, 40% operating expenses, and \$1,889 for replacement reserves. An 8.5% overall capitalization rate was applied.

In Respondent's final reconciliation, each value estimate was weighted as follows:

<u>Approach</u>	<u>Improvement Value</u>	<u>Weight</u>	<u>Weighted Value</u>
Cost	\$440,170	10%	\$44,017
Sales Comparison	\$447,360	30%	\$134,208
Income	\$-0-	60%	\$-0-

Using the three (3) approaches, Respondent determined a total value of \$657,385, which is higher than subject's assessed value of \$592,725.

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, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2014 in this case. 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.

There are three (3) generally accepted approaches to value: the cost approach, the sales comparison approach and the income approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Appellant provided subject's actual income and expense information. It was contended actual rents should be considered when valuing subject. Appellant determined a total value of \$350,000 using the income approach. We did not find this evidence sufficient to support the value requested. Looking solely at the performance of a single operation would ignore the

broader marketplace in terms of identifying typical levels of performance.

Respondent looked to the three (3) approaches to value in support of subject's assessed value. Methodologies for each approach were fully detailed and supported. Appellant argued the assessed value was too high, however failed to demonstrate error in the valuation.

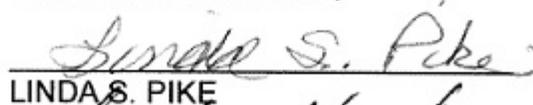
Ultimately, Respondent's appraisal was judged by the Board to present a superior valuation of subject's market value when compared to the evidence offered by Appellant. Pursuant to Idaho Code § 63-511, the burden is on Appellant to prove error in subject's assessed value by a preponderance of the evidence. In this appeal, the burden of proof was not met. Respondent's valuation appeared reasonable and error in the assessment was not proven. Accordingly, the Board will affirm the decision of the Bannock County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bannock County Board of Eq
is, AFFIRMED.

DATED this 10th day o


DAVID E. KINGHORN


LINDA S. PIKE


LELAND G. HEINRICH