

BEFORE THE IDAHO BOARD OF TAX APPEALS

JUPITER, LLC,)	
)	
Appellant,)	APPEAL NOS. 14-A-1106
)	AND 14-A-1109
v.)	
)	FINAL DECISION
BANNOCK COUNTY,)	AND ORDER
)	
Respondent.)	
)	
)	
_____)	

COMMERCIAL PROPERTY APPEALS

These appeals are taken from decisions of the Bannock County Board of Equalization denying protests of valuation for taxing purposes of properties described by Parcel Nos. RPKHM000200 and RPKHM000100. The appeals concern the 2014 tax year.

These matters came on for hearing October 29, 2014 in Pocatello, Idaho before Board Member David Kinghorn. Manager Gary Clark represented Appellant at hearing. 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 two (2) improved commercial properties.

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

FINDINGS OF FACT

Appeal No. 14-A-1106 - Parcel No. RPKHM000200 (Lot 2)

The assessed land value is \$125,125, and the improvements' valuation is \$15,469, totaling \$140,594. Appellant contends the correct land value is \$25,000, and the improvements' value is \$60,000, totaling \$85,000.

Appeal No. 14-A-1109 - Parcel No. RPKHM000100 (Lot 1)

The assessed land value is \$127,166, and the improvements' valuation is \$345,336, totaling \$472,502. Appellant contends the correct land value is \$50,000, and the improvements' value is \$240,000, totaling \$290,000.

Together the subject properties are part of a five (5) building office complex built in 1985 located on Yellowstone Avenue in Pocatello, Idaho. The total building size consists of 8,160 square feet of retail space. These two (2) appeals were consolidated for hearing and decision purposes, as both parties presented one (1) set of evidence for both subjects.

Appellant explained subjects' total 2013 combined net income was \$8,230. The expenses were said to be normal office building expenses such as advertising, utilities, taxes, insurance, maintenance and repairs. Appellant suggested the subject properties be valued based on actual income and expense data.

Respondent explained actual rental rates per square foot for subjects are inconsistent. Respondent instead looked to rental rates from the local office rental market for its income approach analysis. Respondent estimated a potential gross income of \$12 per square foot for the total 8,160 square feet, and derived a potential gross income amount of \$97,920. Respondent factored in 15% vacancy rate, 40% operating expenses, and \$1,958 for replacement reserves. An 8.5% overall capitalization rate was applied, which resulted in a total improvements value of \$68,406. Adding the land value of \$426,954, a total property value of \$495,360 was determined.

In support of subjects' land values, Respondent provided information on seven (7) unimproved commercial sales. The sales took place between 2001 and 2013. Sale prices

ranged from \$6 to \$34 per square foot. Subjects' assessed land values equate to an average value rate of \$11 per square foot. Appellant argued the sale properties had more visibility than the subjects due to location.

Respondent also employed the sales comparison approach. Information was provided on three (3) improved commercial sales. One (1) took place in 2012, with the remaining two (2) taking place in 2013. Sale prices ranged from \$325,000 to \$1,420,000. After removing the associated land values, the indicated price rates were between \$34 and \$90 per square foot for the improvements.

In Respondent's final reconciliation, each value estimate was weighted as follows: Cost approach 10%, sales comparison approach 30%, and income approach 60% for a total improvement value of \$206,444 was determined. Adding the land value of \$426,954 resulted in a total value for the land and improvements of \$633,398. Subjects' total assessed value is \$613,095.

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.

Market value is estimated according to recognized appraisal methods and techniques. There are three (3) approaches to value, the sales comparison approach, the cost approach, and the income approach. In a unique way, each approach considers the available information on recent comparable sales.

Appellant provided subjects' actual income and expense information. It was contended actual rents should be considered when valuing subjects. Appellant determined a total market value of \$375,000 for the two (2) subject properties using the income approach. Few details were provided regarding how Appellant arrived at its recommended values.

Respondent looked to the three (3) valuation approaches to arrive at its value conclusions. In looking to the three (3) approaches Respondent reached a value conclusion of \$633,398, which was higher than subjects' total assessed value. Appellant argued the assessed values were too high, however failed to demonstrate error in the valuations.

Ultimately, Respondent's appraisal was judged by the Board to present a superior valuation analysis of subjects compared to the evidence offered by Appellant. Pursuant to Idaho Code § 63-511, the burden is on Appellant to prove error in subjects' assessed values by a preponderance of the evidence. In this appeal, the burden of proof was not met. Respondent's valuation appeared reasonable and no error in the assessments was proven. Accordingly, the Board will affirm the decisions of the Bannock County Board of Equalization.

FINAL ORDER

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

DATED this 11th day of March, 2015.