

BEFORE THE IDAHO BOARD OF TAX APPEALS

SIDNEY AND PEGGY FUGATE,	)	
	)	
Appellants,	)	APPEAL NOS. 16-A-1082
	)	& 16-A-1083
v.	)	
	)	FINAL DECISION
BONNEVILLE COUNTY,	)	AND ORDER
	)	
Respondent.	)	
	)	
	)	
	)	

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**COMMERCIAL PROPERTY APPEALS**

These appeals are taken from decisions of the Bonneville County Board of Equalization denying protests of valuation for taxing purposes of properties described by Parcel Nos. RPA0540004017A and RPA0540004025A. The appeals concern the 2016 tax year.

These matters came on for hearing October 13, 2016 in Idaho Falls, Idaho before Board Member David Kinghorn. Appellants Sidney and Peggy Fugate were self-represented. Appraiser Janet Trujillo represented Respondent.

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

**The issue on appeal concerns the market values of two (2) commercial parcels.**

**The decisions of the Bonneville County Board of Equalization are affirmed.**

FINDINGS OF FACT

Appeal No. 16-A-1082 - Parcel No. RPA0540004017A

The assessed land value is \$67,925, and the improvements' valuation is \$313,382, totaling \$381,307. Appellants contend the correct land value is \$48,518, and the improvements' value is \$126,251, totaling \$174,769.

Appeal No. 16-A-1083 - Parcel No. RPA0540004025A

The assessed value for this parcel is \$57,715. Appellants contend the correct value should be \$46,875.

Together the subject properties (hereinafter subject) encompass approximately .83 acres of commercial ground on North Gate Mile in a highway commercial zone in Idaho Falls, Idaho. One parcel is improved with a 4,229 square foot restaurant constructed in 1980. The building is log construction. The second parcel is the associated parking area and cannot be used for anything but parking for the main parcel. The two (2) appeals were consolidated for hearing and decision purposes.

Appellants questioned why the assessed value nearly doubled in 2016 despite the fact subject was located in one of the oldest areas in town. Subject's area, in Appellants' opinion, has been declining in value. Appellants had leased subject for \$3,500 per month from 2013 through early 2015. After this, Appellants opened a restaurant at the location. The business was operated at a loss and closed in March of 2016.

Appellants explained subject was put on the market in 2016 with an initial asking price of \$525,000. Since that time the asking price has been reduced to the present price of \$449,000. It was reported there had not been any interest in the property at the lower asking price. Appellants thought increased taxes would have a negative effect on potential buyers.

Respondent reported Idaho Code requires all three (3) valuation approaches be used in assessing property. For the market approach (sales comparison approach),

Respondent offered information on three (3) commercial restaurant sales considered to be comparable in age and location to Appellants' restaurant. The sale dates were in 2009, 2014 and in 2015. The average price rates ranged from \$35 to \$66 per square foot, with an average of \$53.25 per square foot. The value conclusion from market approach was \$293,119.

For the income approach, Respondent estimated a potential gross income using about \$13 per square foot, a 5% vacancy rate, and 20% for the operating expenses. An overall capitalization rate of 10% was applied, resulting in final value of \$417,504.

Respondent also presented a cost approach which resulted in a total value of \$360,903. 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	\$360,903	20%	\$ 72,181
Sales Comparison	\$293,119	20%	\$ 58,624
Income	\$417,504	60%	\$250,502

Respondent's final valuation for the improved restaurant parcel was therefore \$381,307. A valuation of \$57,715 was placed on the adjacent parking parcel.

#### 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, 2016 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. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979); IDAPA 35.01.03.217.02.

In determining market value, most consideration is given to the most applicable and reliable data. Respondent provided a substantial analysis and supporting sales to develop its main value conclusion. Using all three (3) approaches to value, Respondent reached a final value of \$381,307 for the restaurant parcel.

Appellants argued the assessed valuation was too high, however the Board found they failed to provide proof the valuation was in error. Appellants listing evidence was not timely for the germane valuation date of January 1, 2016, however we note the consideration of this data would tend to further support the 2016 assessed values for subject. Nothing in record was found to offer good support for Appellants' value requests.

Ultimately, Respondent's appraisal was the only market value evidence submitted

for the Board to review. Pursuant to Idaho Code § 63-511, the burden is on Appellants to prove error in subject's assessed value by a preponderance of the evidence. In these appeals, the burden of proof was not met. Respondent's restaurant parcel valuation was supported and reasonable. Appellants did not present a prima facie value case for the parking parcel, and thus the presumption of correctness attaching to the decision of the Board of Equalization would prevail. Accordingly, the Board will affirm the decisions of the Bonneville County Board of Equalization.

#### FINAL ORDER

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

DATED this 22<sup>nd</sup> day of February, 2017.