

BEFORE THE IDAHO BOARD OF TAX APPEALS

JAKE SCHAEFER,)	
)	
Appellant,)	APPEAL NO. 16-A-1142
)	
v.)	FINAL DECISION
)	AND ORDER
BONNEVILLE COUNTY,)	
)	
Respondent.)	
)	
_____)	

COMMERCIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bonneville County Board of Equalization modifying the protest of valuation for taxing purposes of property described by Parcel No. RPA1980009007A. The appeal concerns the 2016 tax year.

This matter came on for hearing November 15, 2016 in Idaho Falls, Idaho before Board Member David Kinghorn. Appellant Jake Schaefer was self-represented. Assessor Blake Mueller 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 value decision of the Bonneville County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$138,180, and the improvements' value is \$228,487, totaling \$366,667. Appellant presents no change to the assessed land value of \$138,180, and requests the improvements' value be \$0, totaling \$138,180.

The subject property is .45 acres improved with a building of about 9,500 square

feet on the main and upper floor areas. The building was constructed in the 1950's. The subject property is located in a downtown area of Idaho Falls and the property includes a small basement, wood decking, and about 12,000 square feet of asphalt paving. The multi-tenant retail space is anchored by a restaurant and has adjoining workout gym and apartment areas as rentals or owner-operated spaces.

Appellant disagreed with the size of the year-to-year increase in subject's assessed value. After the value adjustment by the Bonneville County Board of Equalization, subject's 2016 assessed value represented a 45% increase over the prior tax year. Appellant reported over the same period, its income from the property had not increased, but had actually decreased annually since 2012. Appellant reported difficulties operating the subject property in what was characterized as a blighted area with a number of government-owned properties and a couple housing centers situated near subject. It was also reported subject was in the process of benefitting from some federal grant funds to improve the property's exterior features.

In valuing subject for the 2016 tax year, Respondent considered three (3) approaches to value. The results of each indicator and their respective reconciliation weights follow.

<u>Approach</u>	<u>Value</u>	<u>Weighting</u>	<u>Weighted Value</u>
Income	\$341,176	.60	\$204,705
Market	432,958	.20	86,592
Cost	376,849	.20	75,370
		Weighted value	\$366,667
		Chosen value	\$366,667

Respondent explained information from comparable downtown businesses were used in the valuation of subject. However in the income approach, instead of using the typical annual mixed-retail rent level of \$10.44 per square foot, \$5.66 per square foot was used in consideration of the deteriorated condition of subject's immediate neighborhood. In the market approach, on an overall basis, subject was valued closer to a warehouse value than a restaurant. Respondent offered testimony subject had the lowest assessed value rate of all restaurants located in the downtown area, and subject's assessment rate was considerably lower than the price rate evidenced by a recent restaurant building sale across the street. Respondent concluded subject's assessment was fair and gave adequate and appropriate consideration to the neighborhood issues.

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. Information from recent comparable sales is beneficial to the processing of each approach to value.

Appellant claimed subject's building and other improvements had zero value and emphasized subject was located in a relatively poor location. Some information was shared on the condition of subject's neighborhood and how subject's location was not optimal in its draw of customers to the restaurant. However no sales information was shared to support a zero valuation. We note a zero value stands in contrast to the fact a restaurant at subject's location has been in operation for many years, as well as the presence of other tenants in the building. Plus an upgrade to the building is in the works, albeit with outside funding.

In contrast with Appellant's case, this Board found Respondent's valuation of subject considered the available information from comparable sales, as well as separate value indicators from all three (3) approaches to value. The income approach, which happened to be the lowest indicator, was given the most weight (60%) in the determination of subject's final value. We found the appraisal gave consideration to the subject property and neighborhood factors referenced by Appellant.

Respondent presented a supported appraisal of subject's fair market value. The Board found the condition of the subject property and the neighborhood had been

considered in the 2016 assessment. Appellant presented important information about the subject property and its use, which is related to the property's market value, however an appraisal-like analysis of market data was not presented for the Board's consideration.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with the Appellant to establish subject's assessed valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof was met in this instance. Appellant did not prove error, nor present a superior appraisal of subject's current market value. Therefore the decision of the Bonneville County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 20th day of March, 2017.