

BEFORE THE IDAHO BOARD OF TAX APPEALS

ANTHONY BOCCASINI,)	
)	
Appellant,)	APPEAL NO. 17-A-1235
)	
v.)	FINAL DECISION
)	AND ORDER
CLEARWATER COUNTY,)	
)	
Respondent.)	
)	
_____)	

COMMERCIAL PROPERTY APPEAL

This appeal is taken from a decision of the Clearwater County Board of Equalization modifying the protest of valuation for taxing purposes of property described by Parcel No. RPA36N2E074240A. The appeal concerns the 2017 tax year.

This matter came on for hearing October 10, 2017 in Orofino, Idaho before Board Member Lee Heinrich. Appellant Anthony Boccasini was self-represented. Assessor Susan Spencer 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 Clearwater County Board of Equalization is affirmed.

FINDINGS OF FACT

The subject property’s assessed value is \$273,674. Appellant contends the correct value is \$134,000. At hearing, the Assessor presented a valuation for subject at \$307,348.

The subject property is a motel with 18 rentable units, an office, and living quarters, situated on .49 acres. The main improvements, about 8,600 square feet on two (2) floors,

were built in 1990. The property is located in the downtown business district of Orofino, Idaho.

Appellant purchased the subject property in early January of 2016 for \$240,000. Subject was on the market for approximately one and one-half (1½) years prior to selling. The asking price was \$299,000. The sale included some personal property Appellant valued at \$106,000, which when deducted from the purchase price, equated Appellant's value claim on appeal. A listing of the personal property and estimated replacement costs were provided to the record. Respondent asserted that Appellant was using replacement costs (new costs) to determine the personal property value. Respondent maintained the personal property records indicate a value of about \$31,000. Since Appellant's purchase, about \$36,000 has been invested in the hotel, some of it tied to the personal property.

Respondent found subject's recent sale was similar to that of an estate sale as subject was quit-claimed to a surviving spouse shortly before the death of the other spouse. And shortly thereafter the property was listed for sale.

Respondent explained subject's assessed value was lowered by the Assessor in 2017 from \$408,175 the prior year, to \$364,885 for the 2017 tax year. This reduction was accounted to more depreciation being allowed in the cost approach to value. After Appellant appealed, the Assessor further reviewed the property and agreed to seek a lower assessment before the Board of Equalization of \$307,348. The Board of Equalization ultimately lowered the value further to its current assessed value of \$273,674, or price rates of about \$25 per square foot, or \$11,350 per motel room. This reduction by the

commissioners was reportedly based on factoring into the assessment subject's 2016 sale information.

Respondent provided information on three (3) commercial sales which occurred between 2015 and 2016. The sale properties were all older than subject and none were hotels, but they were the only sales available. The prices ranged from \$53,356 to \$100,000.

Respondent also provided assessment information for the other four (4) hotel/motels located in the area. In comparison, subject's assessment indicated an average value per square foot that was lower than the average indicated for the other hotel/motels. The other properties indicated value rates from about \$11 to \$78 per square foot.

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, 2017 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 this case, Appellant relied solely on an early 2016 purchase price of \$240,000, of which \$106,335 was allocated to personal property. This yielded a subject value indication of \$134,000. Appellant contended the purchase price should establish the basis for subject's current market valuation for assessment purposes. While we agree the value of the recent sale of the property being valued can be important value evidence, we find market value is typically derived from a consideration of multiple, recent sales of similar property, as well as other market-derived information. "[M]arket value' can not be established by a single arm's length transaction in which a unique property . . . is sold for cash . . . 'market value' becomes an important standard of measurement in the valuation of property only after there have been numerous sales or exchanges of similar property." *Janss Corp. v. Bd. of Equalization of Blaine County*, 93 Idaho 928, 931 (1970). In this circumstance, the Board is reluctant to rely heavily or solely on subject's purchase information. Although the transaction isn't truly an estate sale, the circumstances surrounding the sale are found to be somewhat unique and likely to have involved some special duress, and therefore the sale price, or listing, might not be truly representative of market value.

Further, it appeared to us Appellant might have overvalued the personal property

associated with the sale and gave no consideration to motel improvements made between the time of sale and the current assessment date. The Board was not able to determine where Appellant's estimated personal property costs came from. For many of the items, we judged Appellant's figures to be representative of replacement costs, not contributory values in relation to the purchase price. The record indicated most of the personal property was used at the time of sale and much of it was likely to have little value.

Besides subject's purchase and listing price, other value evidence in record was connected to the three (3) commercial sales provided by Respondent. The sales occurred in 2015 and 2016 and sold for prices between \$53,356 and \$100,000. The Board did not find these sale properties particularly similar to subject. None were a hotel or motel. The cost approach information contained in Respondent's exhibits was not explained at hearing.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. We do not find in record where Appellant's requested value of \$134,000 was supported. The burden of proof was therefore not satisfied in this instance. The Assessor -- without filing an independent appeal, requested subject's valuation be increased significantly to the earlier assessment of \$307,348. On the whole we did not find sufficient evidence or cause from either party to disturb the assessed value set by the Clearwater County Board of Equalization. Though they considered subject's sale information, they also considered value information from the Assessor, resulting in a value conclusion that was higher than

the recent subject sale price. We did not find this to be error. A proper consideration of a property's market value considers many factors. For the reasons expressed, the value decision by the Clearwater County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 22nd day of December , 2017.