

BEFORE THE IDAHO BOARD OF TAX APPEALS

COMMERCIAL BUILDINGS R US, LLC,)	
)	
Appellant,)	APPEAL NOS. 17-A-1268
)	through 17-A-1273
v.)	
)	FINAL DECISION
TWIN FALLS COUNTY,)	AND ORDER
)	
Respondent.)	
)	
_____)	

COMMERCIAL PROPERTY APPEALS

These appeals are taken from six (6) decisions of the Twin Falls County Board of Equalization denying protests of valuation for taxing purposes of properties described on Attachment A. These appeals concern the 2017 tax year.

These matters came on for hearing November 16, 2017 in Twin Falls, Idaho before Board Member David Kinghorn. Attorney John Lezamiz appeared at hearing for Appellant. Twin Falls Deputy Prosecuting Attorney Nancy Austin represented Respondent.

Board Members David Kinghorn, Leland Heinrich and Kenneth Nuhn join in issuing this decision.

The issue on appeal concerns the market values of six (6) improved commercial properties.

The decisions of the Twin Falls County Board of Equalization are affirmed.

FINDINGS OF FACT

These appeals were heard as part of a series of appeals involving largely similar issues, so the parties stipulated the evidentiary records in those other appeals be also considered in these appeals, where relevant. As such, the Board hereby takes notice of the records created in Appeal Nos. 17-A-1267 through 17-A-1277. Further, because these current six (6) appeals center on the same specific issue, they are hereby consolidated into this single decision.

The assessed values of the subject properties are detailed on Attachment A, as are Appellant's respective value claims for each. The subject properties are not necessarily situated near one another, however, all are located in Twin Falls, Idaho. The properties are improved for use in various commercial activities. Providing physical details for the subject properties is unnecessary in this instance because the issue brought forth by Appellant is broad in scope and applies equally to each subject property.

Appellant did not challenge the base values determined for subjects, but was instead concerned with certain adjustment factors which caused the values to increase for 2017. Appellant noted adjustment factors were applied either to subjects' land values, improvement values, or both. The specific adjustment factors varied depending on the particular neighborhood in which each subject is located. In Appellant's view, Respondent's use of varying adjustments disrupted assessment uniformity and resulted in unfair values for subjects.

Respondent explained all commercial values, with the exception of commercial properties located in a couple rural areas, were increased for 2017. The increase was due to the 2016 ratio study results which indicated commercial values were below market and therefore needed to be increased for 2017. The ratio study measured the differences between assessed values and 2016 sale prices. The data showed assessed values for commercial properties were generally below the respective sale prices, so commercial values were adjusted upward. Recognizing property values can vary depending on location, Respondent used the sales information to develop specific adjustment factors for eight (8) identified commercial neighborhoods in the county. Each property within a particular neighborhood received the same adjustments.

Appellant argued a blanket adjustment should have been applied to all parcels in the

county, not just commercial properties. Respondent explained a separate ratio study was conducted for residential property, and it too indicated values needed to be increased for 2017, so residential values were also increased. But again, a countywide adjustment was not used.

Appellant also questioned whether Respondent properly considered the age and appropriate depreciation of some the improvements situated on the subject properties. Respondent explained there are different factors which must be considered in order to accurately estimate depreciation. For instance, instead of just using the original construction date for calculating depreciation, Respondent takes into account remodeling or updating work in determining an effective age. Depending on the amount of updating, a property's effective age might be considerably less than its actual age, which would equate to a lower depreciation allowance. Respondent reported the physical condition of each subject property was considered and appropriate depreciation was applied accordingly.

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. The three (3) approaches for determining market value include 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).

Respondent utilized the cost approach to determine subjects' base values, and increased those values using adjustment factors indicated by the results of a recent ratio study. Appellant did not disagree with the analysis up through the base values, however, objected to Respondent's subsequent failure to use a single blanket adjustment for all properties. While Appellant's concern is understood, we disagree Respondent's use of neighborhood-specific adjustments was erroneous or arbitrary. On the contrary, Respondent's methodology takes into account location which is widely recognized as a primary component comprising a property's market value. To apply a blanket adjustment to all commercial properties, or across all properties in the county, as petitioned by Appellant, would effectively remove location from the analysis, and would run contrary to accepted appraisal practice. Given the availability of the underlying sales information, we find Respondent's use of neighborhood-specific adjustments to be proper and reasonable.

As neither party offered any sales, income, or other market data specific to subjects' valuations, we need not discuss or address the individual values of the subject properties.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subjects' valuations are erroneous by a preponderance of the evidence. As the only evidence of subjects' values was Respondent's cost approach analyses, we did not find the burden of proof satisfied. Subjects' valuations appeared reasonable given the limited data provided. As

such, the decisions of the Twin Falls County Board of Equalization are affirmed.

FINAL ORDER

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

DATED this 12th day of February, 2018.