

BEFORE THE IDAHO BOARD OF TAX APPEALS

SID LEZAMIZ, JR.,)	
)	
Appellant,)	APPEAL NO. 17-A-1259
)	
v.)	FINAL DECISION
)	AND ORDER
TWIN FALLS COUNTY,)	
)	
Respondent.)	
)	
)	
)	

COMMERCIAL PROPERTY APPEAL

This appeal is taken from a decision of the Twin Falls County Board of Equalization affirming the protest of valuation for taxing purposes of property described by Parcel No. RPT00107159055A. The appeal concerns the 2017 tax year.

This matter came on for hearing October 24, 2017 in Twin Falls, Idaho before Board Member Leland Heinrich. Appellant Sid Lezamiz, Jr. was self-represented. Assessor Gerry Bowden 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 Twin Falls County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$117,969, and the improvements' value is \$278,389, totaling \$396,358. Appellant contends the correct land value is \$79,296, with no change to the improvements' value of \$278,389, totaling \$357,685.

The subject property is a .74 acre commercial parcel improved with a small shop and general commercial space consisting of 5,000 square feet. Subject was built in 2006

and is located on Kimberly Road, a main commercial arterial in Twin Falls, Idaho.

Appellant provided information concerning three (3) mostly vacant commercial property sales which sold in 2015 and 2016. The sale properties ranged in size from .36 to 1.00 acres. Sale prices ranged from \$49,500 to \$57,500, or from \$1.14 to \$3.16 per square foot. Appellant used a simple average of \$2.46 per square foot and applied it to subject's area to calculate a land value of \$79,296. Respondent argued the sale properties were located downtown, not in subject's immediate area which typically sells for higher prices.

Respondent updated subject's property record in early 2016. Subject's main improvement was considered to be fair quality class and in average condition for its age. Subject's assessment included other improvements such as a mezzanine, asphalt, and flat work concrete areas. Looking at the cost approach, a contributory value of \$278,389 was determined for subject's improvements. Appellant did not challenge this part of the assessment.

Subject's land was assessed at \$4.25 per square foot for the main frontage area, with the excess land area valued at \$2.25 per square foot, for a total value of \$117,969. Appellant believed subject's value is negatively affected by having a coulee adjacent to the property. Respondent maintained the coulee did not have a significant impact as it is located at the rear of subject and does not traverse through the property or impact any of the improvements.

Respondent explained a ratio study considering 2016 sales, which compared sale

prices to assessed values, revealed commercial property assessed values were too low. Therefore Respondent applied an upward adjustment to its commercial property values. Respondent studied the sales to determine appropriate adjustment factors specific to each neighborhood. The sales activity from subject's neighborhood, which is comprised of 780 commercial parcels, indicated an upward adjustment factor of 25% was needed to bring the assessed value of commercial improvements within 10% of current market price levels.

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. *Merris v. Ada County*, 100 Idaho 59, 63, 593

P.2d 394, 398 (1979). Improved commercial properties are commonly valued with reference to the three (3) cited approaches. On appeal, Appellant looked to a simple sales comparison approach to derive a land value. Respondent, on the other hand, used the cost approach to estimate subject's base value, to which certain market-derived adjustment factors were then applied.

Appellant looked at three (3) mostly vacant commercial sales to compare with subject. Appellant used an average price rate of \$2.46 per square foot and applied it to subject's total area to calculate an approximate land value of \$79,296. We did not find in record where Appellant directly compared the sales to subject or explained the consideration made for differences between the subject land and the sale properties. There was no significant presentation of value evidence considering subject as an improved property.

Appellant suggested the adjacent coulee had a negative affect on value. Respondent maintained as the coulee does not traverse through the property, nor impact on the improvements' use, it did not have a negative impact on subject's relative market value. The Board found there was insufficient detail and other information in record to understand the coulee's impact, if any, on subject's use and value, and therefore the asked for adjustment was not found to be warranted.

Respondent provided information to show commercial property in subject's area had prior assessments which were quite low compared to recent sale prices. Details on the sale properties were not shared and therefore it was difficult to compare subject

meaningfully with any of the referenced sales. Respondent did present a detailed cost approach which concluded a final value of \$396,358 for the subject as improved.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. We did not find the burden of proof satisfied here. Respondent's information focused on subject's specific attributes as improved, whereas Appellant's sales or appraisal information consisted of vacant land sales with no evidence subject as improved was over-valued. On the evidence in record, we did not find cause to reduce subject's assessed value. As such, the decision of the Twin Falls County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 13th day of February, 2018.