

BEFORE THE IDAHO BOARD OF TAX APPEALS

SID LEZAMIZ, JR.,)	
)	
Appellant,)	APPEAL NO. 17-A-1260
)	
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 modifying the protest of valuation for taxing purposes of property described by Parcel No. RPT54610010090A. 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 modified.

FINDINGS OF FACT

The assessed land value is \$47,518, and the improvements' value is \$215,339, totaling \$262,857. Appellant contends the improvements' value is \$106,480, with no change to the land value of \$47,518, totaling \$153,998.

The subject property is a .90 acre commercial parcel improved with a 4,000 square

foot warehouse built in 1984. The building includes a small shop area and some office space. The property is located in Twin Falls, Idaho. Appellant purchased subject in May 2016 for \$305,000.

Appellant provided information on two (2) other commercial properties which sold in 2016. The first sale was a 4,400 square foot commercial building situated on .39 acres. This property sold in August 2016 for \$224,900. The second sale was a 9,868 square foot commercial building situated on 1.26 acres. This property sold in February 2016 for \$175,000. Appellant used these sales to compare with subject's improvements. Appellant first subtracted subject's assessed land value of \$47,518 from each sale price. After removing the land value, the sales reflected average price rates for the improvements of \$40.31 and \$12.92 per square foot. Appellant used an average price per square foot rate of \$26.62 and applied it to subject's 4,000 total square feet, to conclude a value of \$106,480 for subject's improvements. Adding the assessed land value yielded a total value of \$153,998. Respondent noted adjustments for physical differences between the subject and the sale properties were not made. Further, Respondent argued Appellant's 2016 purchase price of \$305,000 was notably higher than Appellant's requested value.

On appeal Respondent reviewed and updated subject's property record prior to hearing. Subject's main improvement was considered to be of fair quality and in average condition for the age. Subject's assessment reflected other improvements which included mezzanine, asphalt, and flat work concrete areas. Subject's land was assessed at \$1.50 per square foot for the main frontage, with excess land valued at \$.75 per square foot, for

a total land value of \$47,518. After updating the cost approach, Respondent requested the Board increase subject's total assessed value to the new figure of \$282,119.

Respondent also presented information related to nine (9) commercial sales. Subject's recent purchase was included in the analysis. The sales were located on, or directly off, Kimberly Road. Details concerning the sales' improvements and land were not provided. The sale prices ranged from \$84,900 to \$1,250,000. In general, the sale properties' assessed values were lower compared to the properties' sale prices, being on average 76% of sale price levels. This was explained to be the basis for commercial property like the subject being trended upward for the 2017 tax year.

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 property is often valued with reference to all three (3) cited approaches.

On appeal, Appellant looked to the sales comparison approach. Respondent provided a larger quantity of sales information to show commercial property in subject's area had prior year assessments that were low and needing to be trended upward. While we appreciated the commercial sales information from Respondent and the ratio study details, the property characteristics for the sale properties were not in record so it was difficult to compare subject to any of the referenced sales. Respondent, however, in its detailed cost approach did provide a value conclusion of \$282,119 for subject.

Appellant looked at two (2) sales to compare with subject, however failed to directly compare them to the subject in a way that would be helpful to our review. No adjustments were made for differences between the sale properties and subject. Appellant merely extracted a land value and ultimately calculated an average residual price rate, evidently for all improvements or a wide class of commercial improvements, and then applied this rate to subject's square footage.

Subject sold for \$305,000 in March of 2016. This was generally a timely sale of the subject property and the record did not reflect any changes to the property since the time of sale, albeit a period of several months had passed and market values likely changed.

Glaring to the Board is Appellant requested a value of \$153,998, or about one-half (½) the recent purchase price. The Board is unable to find good support for Appellant's requested value. The recent subject sale price is higher than the current assessed value.

Idaho Code § 63-511 places the burden on Appellant to demonstrate subject's valuation is erroneous by a preponderance of the evidence. In this particular instance, we did not find the burden of proof satisfied. Appellant's analysis was found to be flawed and lacked a credible consideration of subject's recent purchase price. On the other hand, Respondent's value estimate was derived from a consideration of market information, subject's actual purchase price, and an updated cost approach. In the Board's view Respondent's value evidence represented the best evidence of market value in this case and offered good support for modifying subject's assessed value.

Based on the above, the decision of the Twin Falls County Board of Equalization is modified, as requested by Respondent, to reflect an increase in subject's market value to \$282,119.

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, MODIFIED to reflect an increase in value to \$282,119. The Board's allocation of market value is reflected below.

Land	\$ 47,518
Improvements	<u>\$234,601</u>
Total	\$282,119

DATED this 7th day of February, 2018.