

BEFORE THE IDAHO BOARD OF TAX APPEALS

TRIPLE S, INC.,)	
)	
Appellant,)	APPEAL NO. 17-A-1313
)	
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 denying the protest of valuation for taxing purposes of property described by Parcel No. RPA30471020100. The appeal concerns the 2017 tax year.

This matter came on for hearing December 18, 2017 in Idaho Falls, Idaho before Board Member David Kinghorn. Secretary David Skidmore represented Appellant at hearing. Assessor Blake Mueller 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 value decision of the Bonneville County Board of Equalization is affirmed.

FINDINGS OF FACT

Subject’s assessed land value is \$150,804, and the improvements' value is \$450,844, totaling \$601,648. Appellant contends the correct land value is \$138,237, and the improvements' value is \$211,302, totaling \$349,539.

The subject property is a .577 acre commercial property located in Idaho Falls, Idaho. The property is improved with a 2,563 square foot building operated in connection with a national

restaurant franchise.

Appellant contended subject's roughly 78% increase in assessed value for 2017 was excessive and unfair. Assessment information concerning three (3) other restaurant properties was provided showing value increases for 2017 of approximately 40%, 12% and 7% respectively. A non-national restaurant situated adjacent to subject, also owned by Appellant, received a 41% value increase, which Appellant argued was evidence subject was being discriminated against because it is a national restaurant franchise. Appellant additionally furnished national restaurant ranking information from a trade magazine showing the notable difference in revenue between the organizations around the top of the list and those near the bottom. In Appellant's view, subject's value was skewed upward because it was grouped in with the higher ranked national franchises.

Respondent maintained subject was not discriminated against for being a national restaurant franchise. It was explained the base lease rate used in the income approach for valuing such national restaurants was \$47.80 per square foot, whereas subject's property assessment used \$33.08 per square foot, which represented the middle ground between national restaurant and non-national restaurant market lease rates. Market vacancy of 5% and an expense rate of 20% were used to calculate subject's net income. This net income figure was capitalized at 10%, resulting in a total value of \$644,359 under the income approach. Though the details were not provided at hearing, Respondent reported value estimates of \$362,806 and \$712,357 using the cost approach and the sales comparison approach, respectively. In Respondent's view, subject was valued fairly and reasonably.

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 used to determine 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 considered all three (3) approaches in determining subject's assessed value.

Appellant's information centered on assessments of three (3) non-national restaurant properties. While each received an increase in assessed value for 2017, none experienced a nearly 80% value increase as subject did. Appellant contended subject was being unfairly valued because it is a national restaurant franchise. Respondent acknowledged national restaurants are generally valued higher than non-national restaurants, particularly with respect to the lease rate used in the income approach. But subject, despite being a national franchise, was not valued using the typical lease rate for national restaurants. Respondent instead used a rate between the national restaurant rate and the non-national restaurant rate. Given this, it

is difficult to accept Appellant's contention subject was unfairly assessed because it is a national restaurant. Indeed, Respondent explained subject's total assessed value would be \$818,770 if the national restaurant lease rate was used. In all, we fail to see any discrimination or unfair bias in subject's valuation.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The year to year increase was substantial, however we did not find the burden of proof satisfied here to show that subject's 2017 assessment was not representative of the property's current market value. Appellant's position centered on a comparison of subject's assessed value with other assessed values. This is not a recognized appraisal approach. Respondent, on the other hand, developed value estimates using all three (3) approaches to value. The Board would have preferred more details regarding Respondent's analysis, particularly with respect to the sales comparison approach, however, where Appellant did not offer any competing market information or analysis, we find subject's value to be fair and reasonable.

Based on the above, the value decision of the Bonneville County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 15th day of February, 2018.