

04-0911
Locally Assessed Property Tax
Signed 06/09/2006

BEFORE THE UTAH STATE TAX COMMISSION

PETITIONER,)	
)	INITIAL HEARING ORDER
)	
Petitioner,)	
)	Appeal No. 04-0911
v.)	
)	Parcel No. #####-1, #####-2, #####-3
BOARD OF EQUALIZATION OF)	Tax Type: Property Tax/Locally Assessed
SALT LAKE COUNTY,)	Tax Year: 2003
STATE OF UTAH,)	
)	Judge: Robinson
Respondent.)	

This Order may contain confidential “commercial information” within the meaning of Utah Code Sec. 59-1-404, and is subject to disclosure restrictions as set out in that section and regulation pursuant to Utah Admin. Rule R861-1A-37. The rule prohibits the parties from disclosing commercial information obtained from the opposing party to nonparties, outside of the hearing process. However, pursuant to Utah Admin. Rule R861-1A-37 the Tax Commission may publish this decision, in its entirety, unless the property taxpayer responds in writing to the Commission, within 30 days of this order, specifying the commercial information that the taxpayer wants protected. The taxpayer must mail the response to the address listed near the end of this decision.

Presiding:
 R. Spencer Robinson, Administrative Law Judge

Appearances:
 For Petitioner: PETITIONER REPRESENTATIVE, Representative
 For Respondent: RESPONDENT REPRESENTATIVE 1, Certified General Appraiser
 RESPONDENT REPRESENTATIVE 2, Appeals Manager, Salt Lake
 County Assessor

STATEMENT OF THE CASE

This matter came before the Utah State Tax Commission for an Initial Hearing pursuant to the provisions of Utah Code Ann. §59-1-502.5 on November 1, 2005. Petitioner’s representative, PETITIONER REPRESENTATIVE, who is not a certified or licensed appraiser,

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submitted information in support of Petitioner. Respondent's representative, RESPONDENT REPRESENTATIVE 1, a certified general appraiser, submitted an appraisal on each property.

DISCUSSION

Petitioner is appealing the Salt Lake County Board of Equalization decision on three properties. They are located on the same block in downtown CITY. Each one is an automobile dealership owned by the PETITIONER.

The first is a DEALERSHIP 1 associated with parcel #####-1, hereinafter #####-1. The Board of Equalization found the fair market value to be \$\$\$\$\$. The second is a DEALERSHIP 2 associated with parcel #####-2, hereinafter #####-2. The Board of Equalization found the fair market value to be \$\$\$\$\$. The third is a DEALERSHIP 3 associated with parcel #####-3, hereinafter #####-3. The Board of Equalization found the fair market value to be \$\$\$\$\$. Petitioner's appeal (Form PT-19) to the Tax Commission argues a value of \$\$\$\$\$ for all three parcels. It does not state a separate value for each parcel.

Petitioner argues the three parcels are one economic unit and should be valued as such. Respondent argues each dealership has an independent value and should be assessed separately. The Board of Equalization treated the parcels and entities separately. Petitioner has the burden of demonstrating this was an error.

Petitioner did not dispute the land values found by the Board of Equalization. Petitioner's argument centered on the improvements and considering all three as part of one economic unit.

Petitioner offered nine sales of dealerships in support of its proposed value. The parties used two common comparables, COMPANY A, located at ADDRESS 1 (Petitioner's and Respondent's number one), and COMPANY B, located at ADDRESS 2 (Petitioner's and

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Respondent's number three). Petitioner's comparables four, five, six, and seven, are not located in Salt Lake County. Thus, they are of questionable help in determining the value of the subject. Petitioner included two other comparables located near the subject.

Petitioner computed value by including a value for the land. At the hearing, Petitioner's representative stated she was not requesting an adjustment to the land values. She also said the County's land values were ok.

Petitioner's land value in its comparables ranged from \$\$\$\$\$ to \$\$\$\$\$ per square foot. The Board of Equalization listed the value of the real estate in the DEALERSHIP 1 as \$\$\$\$\$. Dividing this by the square footage (13,068) yields a rounded value of \$\$\$\$\$ per square foot. Petitioner is not contesting this value. Petitioner's value for the improvements differs significantly from that of Respondent.

Petitioner relies, in part, on the Respondent's change in value of the improvements between 2002 and 2003. Petitioner states the DEALERSHIP 1 (#####-1) increased from \$\$\$\$\$ to \$\$\$\$\$. The DEALERSHIP 2 (#####-2) increased from \$\$\$\$\$ to \$\$\$\$\$. The DEALERSHIP 3 increased (#####-3) from \$\$\$\$\$ to \$\$\$\$\$.

Petitioner argues the total area of the parcels is 1.18 acres, or 51,400.8 square feet. At \$\$\$\$\$ per square foot, the land is valued at \$\$\$\$\$. Petitioner also argues the first and third buildings should be valued at \$\$\$\$\$ per square foot. Those buildings have a total square footage of 16,669. The value is \$\$\$\$\$. The second building is 26,690 square feet in size. At \$\$\$\$\$ per square foot, its value is \$\$\$\$\$. Petitioner submits the total value should be rounded to \$\$\$\$\$.

Petitioner's representative is not licensed or certified to appraise real property. Her opinion does not carry the same weight as that of a licensed or certified appraiser.

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Respondent's appraisals, prepared by a Certified General Appraiser, rely on three approaches to value. Each appraisal used the cost approach, the sales comparison approach, and the income approach. Respondent also included square footage from other parcels for each dealership that were devoted to service space, not just showroom space. Additionally, Respondent used \$\$\$\$ per square foot to value the land.

In the case of the DEALERSHIP 1 (#####-1), Respondent's cost approach valued the showroom at \$\$\$\$\$, and the service center at \$\$\$\$\$. The total value from the cost approach was \$\$\$\$\$. Respondent's sales comparison approach for the DEALERSHIP 1 used a value per square foot of \$\$\$\$\$. With an area of 23,620 square feet, the value was \$\$\$\$\$. Respondent's income approach yielded a value of \$\$\$\$\$. Based on those three approaches, Respondent estimated the fair market value of the DEALERSHIP 1 to be \$\$\$\$\$. Respondent said the value of the service center, being included in the value of the dealership, was not included in assigning an independent value to the service center. Less the value of the associated parcels, Respondent's total value for the subject parcel was \$\$\$\$\$.

Respondent did the same with the DEALERSHIP 2 (#####-2). Using the cost approach, Respondent calculated a rounded value of \$\$\$\$\$ for this dealership. The land value was determined to be \$\$\$\$\$ (46,174 square feet at \$\$\$\$\$ per square foot). The improvement cost was \$\$\$\$\$. For the sales comparison approach, Respondent used a value of \$\$\$\$\$ per square foot. With 13,838 square feet of GBA, the rounded value is \$\$\$\$\$. The income approach yielded a value of \$\$\$\$\$. Respondent proposed a rounded market value for the DEALERSHIP 2 of \$\$\$\$\$. Less the assessed value of the associated parcels, Respondent submitted a value of \$\$\$\$\$ for this parcel.

In the case of the DEALERSHIP 3 (#####-3), Respondent calculated a rounded value of \$\$\$\$\$. Of this, \$\$\$\$\$ was the land (101,059 square feet at \$\$\$\$\$ per square foot) and \$\$\$\$\$ was

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the value given to the improvements. Respondent used a value of \$\$\$\$ per square foot when applying the sales comparison approach. With 26,690 square feet, the rounded value was \$\$\$\$.

The income approach yielded a value of \$\$\$\$\$. Respondent proposed a market value for the property of \$\$\$\$\$. Less the value of the associated parcels, Respondent set the value of this parcel at \$\$\$\$\$.

The Board of Equalization value for #####-1 was \$\$\$\$\$. Respondent's appraised value was \$\$\$\$\$.

The Board of Equalization value for #####-2 was \$\$\$\$\$. Respondent's appraised value was \$\$\$\$\$.

The Board of Equalization value for #####-3 was \$\$\$\$\$. Respondent's appraised value was \$\$\$\$\$.

APPLICABLE LAW

1. All tangible taxable property shall be assessed and taxed at a uniform and equal rate on the basis of its fair market value, as valued on January 1, unless otherwise provide by law. (Utah Code Ann. Sec. 59-2-103.)

2. "Fair market value" means the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts. For purposes of taxation, "fair market value" shall be determined using the current zoning laws applicable to the property in question, except in cases where there is a reasonable probability of a change in the zoning laws affecting that property in the tax year in question and the change would have an appreciable influence upon the value. (Utah Code Ann. 59-2-102(12).)

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3. (1) Any person dissatisfied with the decision of the county board of equalization concerning the assessment and equalization of any property, or the determination of any exemption in which the person has an interest, may appeal that decision to the commission by filing a notice of appeal specifying the grounds for the appeal with the county auditor within 30 days after the final action of the county board. . . (Utah Code Ann. Sec. 59-2-1006(1).)

CONCLUSIONS OF LAW

To prevail in a real property tax dispute, the Petitioner must (1) demonstrate that the County's original assessment contained error, and (2) provide the Commission with a sound evidentiary basis for reducing the original valuation to the amount proposed by Petitioner. *Nelson V. Bd. Of Equalization of Salt Lake County*, 943 P.2d 1354 (Utah 1997). The Commission does not find that the Petitioner has submitted sufficient evidence to show error and support a lower value. Respondent's appraisals support the values contained in them.

DECISION AND ORDER

Based upon the foregoing, the Tax Commission denies the Petitioner's request to lower the fair market value of the subject property. The Commission finds Respondent has show error in the values set by the Board of Equalization and supported different values. The Salt Lake County Assessor is directed to adjust the values to conform to those established by the appraisals. It is so ordered.

This decision does not limit a party's right to a Formal Hearing. However, this Decision and Order will become the Final Decision and Order of the Commission unless any party to this case files a written request within thirty (30) days of the date of this decision to proceed to a Formal Hearing. Such a request shall be mailed to the address listed below and must include the Petitioner's name, address, and appeal number:

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Utah State Tax Commission
Appeals Division
210 North 1950 West
Salt Lake City, Utah 84134

Failure to request a Formal Hearing will preclude any further appeal rights in this matter.

DATED this _____ day of _____, 2006.

R. Spencer Robinson
Administrative Law Judge

BY ORDER OF THE UTAH STATE TAX COMMISSION:

The Commission has reviewed this case and the undersigned concur in this decision.

DATED this _____ day of _____, 2006.

Pam Hendrickson
Commission Chair

R. Bruce Johnson
Commissioner

Palmer DePaulis
Commissioner

Marc B. Johnson
Commissioner