

07-0061
Property Tax / Locally Assessed
Signed 07/23/2007

BEFORE THE UTAH STATE TAX COMMISSION

PETITIONER 1 & PETITIONER 2, Petitioners, v. BOARD OF EQUALIZATION OF SALT LAKE COUNTY, STATE OF UTAH, Respondent.	ORDER Appeal No. 07-0061 Parcel No. ##### Tax Type: Property Tax / Locally Assessed Tax Year: 2006 Judge: Chapman
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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 notice, 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:

Kerry R. Chapman, Administrative Law Judge

Appearances:

For Petitioners: PETITIONER 1

For Respondent: RESPONDENT REPRESENTATIVE, from the Salt Lake County Assessor's Office

STATEMENT OF THE CASE

This matter came before the Commission for an Initial Hearing pursuant to the provisions of Utah Code Ann. §59-1-502.5, on July 19, 2007.

At issue is the fair market value of the subject property as of January 1, 2006. The subject is a single-family residence located at ADDRESS 1 in CITY, Utah. The Salt Lake County Board of Equalization ("County BOE") sustained the \$\$\$\$ value at which the subject was assessed for the 2006 tax year. The

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Petitioners are asking the Commission to reduce the subject's value to \$\$\$\$\$, while the County asks the Commission to sustain the value established by the County BOE.

APPLICABLE LAW

Utah Code Ann. §59-2-1006(1) provides that “[a]ny 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”

Any party requesting a value different from the value established by the County BOE has the burden to establish that the market value of the subject property is other than the value determined by the county board of equalization.

For a party who is requesting a value that is different from that determined by the County BOE to prevail, that party must (1) demonstrate that the value established by the County BOE contained error, and (2) provide the Commission with a sound evidentiary basis for reducing the value established by the County BOE to the amount proposed by the party. *Nelson V. Bd. Of Equalization of Salt Lake County*, 943 P.2d 1354 (Utah 1997), *Utah Power & Light Co. v. Utah State Tax Commission*, 530 P.2d. 332 (Utah 1979).

DISCUSSION

The subject property consists of a 0.10-acre lot and a two-story, Victorian-style home that was built around 1910. The home contains 2,046 square feet of above-grade living space and a two-car garage. The subject has a small, unfinished basement that is used for storage and utilities.

The Petitioners purchased the subject property in November 2003 for \$\$\$\$\$. The Multiple Listing Service (“MLS”) information concerning the 2003 sale indicates that the subject property was totally remodeled, with new plumbing and electrical in some parts of the house. The County states that its records

show that the subject was updated in early 2000. PETITIONER 1 confirms that the kitchen and baths were remodeled prior to his purchasing the subject property.

Petitioners' Information. The Petitioners submitted three comparables that are located within one block of the subject property. The three comparables sold for prices ranging from \$\$\$\$\$ to \$\$\$\$\$. One of the comparables, which sold for \$\$\$\$\$, appears inferior to the subject because its above-grade living area is 1,562 square feet, compared to the subject's 2,046 square feet of above-grade space. This comparable's lot is also half the size of the subject's lot. The MLS information concerning this sale indicates that the comparable is the perfect home for "restoration." Because of the smaller size of the living space and the significantly smaller lot and because it appears that this comparable, unlike the subject, has not been remodeled, the Commission does not find this comparable helpful in determining the value of the subject property.

A second comparable, located next door to the subject property at ADDRESS 2, sold twice in 2006, once in April 2006 for \$\$\$\$\$ (prior to being remodeled) and again in July 2006 (after being remodeled extensively). Although no information about this property's square footage and size was proffered, PETITIONER 1 states that it is similar in size to the subject property. The two sales of this property indicate that remodeling an older home in the subject's neighborhood can greatly affect its value. Without additional information about the condition of the subject property at the time of its first sale and more information about its square footage and other features, the Commission is not convinced that the \$\$\$\$\$ sales price is indicative of the subject's value.

A third comparable, located at ADDRESS 3, sold for \$\$\$\$\$. It appears to be Victorian in style like the subject property, but 315 square feet of its 2,152 above-grade square feet is in a third-floor attic. Although the MLS remarks show that the home has had some remodeling, it only has a one-car garage. These features suggest that it may be slightly inferior to the subject. PETITIONER 1 states that of all the

comparables he submitted, this comparable is most similar to the subject property. From this comparable, the Commission would conclude that the subject property's value is, at a minimum, \$\$\$\$\$ and may be higher.

Based on the Petitioners' information, the Commission would conclude that the subject's value would be at least \$\$\$\$\$. Nevertheless, the Commission is not convinced that the \$\$\$\$\$ value established by the County BOE is incorrect.

County Information. The County proffers an appraisal in which it estimates the subject's value to be \$\$\$\$\$. The County states that it proffers the appraisal to support the value established by the County BOE and does not request that the Commission increase the subject's value.

The County's appraisal compares the subject to three comparable sales that sold for prices ranging from \$\$\$\$\$ to \$\$\$\$\$. The three comparables are all located within 1½ blocks of the subject property, and all have a two-car garage. The two comparables slightly larger than the subject property (at 2,270 and 2,380 square feet, respectively) sold for \$\$\$\$\$ and \$\$\$\$\$. The MLS information for these comparables indicates that they were remodeled prior to selling. The County appraiser adjusted these comparables to \$\$\$\$\$ and \$\$\$\$\$, respectively.

The third comparable, with 1,720 square feet of above-grade living space, is smaller than the subject and sold for \$\$\$\$\$. The MLS information for this sale does not mention that it was remodeled prior to selling. The County appraiser adjusted this comparable to a value of \$\$\$\$\$.

Given this information, it would appear that the subject's value would be greater than \$\$\$\$\$, the price at which the smaller home sold, but less than \$\$\$\$\$, the lowest of the prices at which the two larger, recently remodeled homes sold. The Commission notes that two of the comparables adjusted to values of \$\$\$\$\$ and \$\$\$\$\$, respectively. The adjustments do not appear unreasonable. With the information proffered at the Initial Hearing, the Commission finds that the \$\$\$\$\$ value estimated for the subject in the County's

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appraisal appears reasonable. For these reasons, the Commission believes that the \$\$\$\$ value established by the County BOE not only appears reasonable, but also that the information proffered does not show it to be incorrect.

DECISION AND ORDER

Based upon the foregoing, the Tax Commission finds that the fair market value of the subject property should be sustained at the \$\$\$\$ value established by the County BOE. Accordingly, the Petitioners' appeal is denied. 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 Petitioners' name, address, and appeal number:

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 _____, 2007.

Kerry R. Chapman
Administrative Law Judge

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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 _____, 2007.

Pam Hendrickson
Commission Chair

R. Bruce Johnson
Commissioner

Marc B. Johnson
Commissioner

D'Arcy Dixon Pignanelli
Commissioner

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