

07-0148
Property Tax/Locally Assessed
Signed 05/15/2007

BEFORE THE UTAH STATE TAX COMMISSION

PETITIONER,)		
	)	ORDER	
Petitioner,)		
	)	Appeal No.	07-0148
v.)		
	)	Parcel No.	#####
BOARD OF EQUALIZATION	)	Tax Type:	Property Tax/Locally Assessed
OF SALT LAKE COUNTY,	)	Tax Year:	2006
STATE OF UTAH,)		
	)	Judge:	Chapman
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 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 Petitioner: PETITIONER

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 April 26, 2007.

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

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 0.50-acre lot and a two-story home that was built around 1996. The home contains 2,330 square feet of living space on the main and upper floors and a three-car garage. It also has an unfinished basement that is 1,350 square feet in size.

The Petitioner proffers an appraisal dated September 14, 2005, in which the value of the subject property is estimated to be \$\$\$\$\$, significantly less than the \$\$\$\$\$ value established by the County BOE. The Petitioner’s appraisal compares the subject to five comparable sales that sold between \$\$\$\$\$ and

\$\$\$\$ and are located anywhere from six blocks to 14 blocks from the subject. The comparable sales are similar to the subject in age, condition, type of construction, and garage size. The comparables are all slightly superior to the subject in the size of their respective living spaces and in the finished percentage of their respective basements. Given the similarity of the comparable's homes to the subject property's home, the appraisal does not, at first impression, appear unreasonable.

The County points out, however, that the Petitioner's appraiser failed to include time adjustments on his appraisal, even though most of his comparables sold six to 14 months prior to the lien date and prices in the subject's neighborhood had appreciated between 13.5 and 17% from January 1, 2005 to January 1, 2006. The Petitioner admits that values in his neighborhood appreciated significantly between 2005 and 2006. If a 15% time adjustment were applied to each comparable in the Petitioner's appraisal, the average adjusted value of the five comparables would increase approximately \$\$\$\$.

The County also criticizes the Petitioner's appraisal because the appraiser failed to recognize that a lot price in the subject's neighborhood is approximately double the price for a lot in the comparables' neighborhoods. As an example, the County proffers that the 0.61-acre lot adjacent to the subject property sold in January 2006 for \$\$\$\$\$. The purchaser, a developer, "scrapped" the old, small home that existed on this lot and has built a large, new home that is listed for sale at \$\$\$\$\$. The County states that this is but one of several such sales in the subject's immediate neighborhood.

On the other hand, the County proffers that its sales also show that lots located in the neighborhoods of the Petitioner's comparables are worth only \$\$\$\$\$ to \$\$\$\$\$. Given the discrepancy between the values of the subject's lot and the lots of the comparables that the Petitioner's appraiser used, the County would suggest a positive location adjustment of at least \$\$\$\$\$ for each of the Petitioner's comparables sales.

Furthermore, many of the Petitioner's comparable sales have lots that are less than half the size of the 0.50-acre subject property. In his appraisal, the Petitioner's appraiser estimated his adjustments for lot size on the assumption that the subject property's lot was worth only \$\$\$\$\$. The County believes that it has shown this assumption to be incorrect and would suggest that the lot size adjustments for the comparables with smaller lots should be increased at least \$\$\$\$\$ to account for the higher value of the subject lot.

The Commission finds the County's criticisms of the Petitioner's appraisal to be persuasive. If the Commission accepts the County's recommended adjustments to the Petitioner's appraisal, the appraisal's \$\$\$\$\$ estimate of value would increase to approximately \$\$\$\$\$, a value relatively close to the \$\$\$\$\$ value established by the County BOE.

The County also prepared an appraisal, in which it estimated the subject's value to be \$\$\$\$\$ as of the lien date. The County compared the subject to seven comparable sales, six of which sold between \$\$\$\$\$ and \$\$\$\$\$ and were located at least 10 blocks away from the subject. The County explains that it is difficult to find homes of the subject's size in its own immediate neighborhood, which required it, like the Petitioner's appraiser, to use comparable sales in neighborhoods where lots are much less valuable. The Petitioner made significant lot and location adjustments in his appraisal to account for the comparables' lower lot values.

The seventh comparable sale the County used, however, was a home adjacent to the subject property, which sold for \$\$\$\$\$ in November 2005. This comparable consists of a 1.00-acre lot and a one-story home with 2,490 square feet on the main floor and 1,650 square feet in the basement (90% finished). Some of this property's features are superior to the subject. For example, its lot is twice as large as the subject's lot, its above-grade square footage is located all on one floor, and its basement is finished. Nevertheless, the home on

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this comparable has approximately the same amount of living space as the subject, and it is much older than the subject, as it is 43 years old as opposed to subject being 10 years old.

Given the information proffered at the Initial Hearing, the Commission is persuaded that the market for properties in the subject's immediate neighborhood is higher than that of the comparables' neighborhoods, which are six to 15 blocks away. For this reason and given the sales of the two properties adjacent to the subject property, the Commission finds the County's appraisal value of \$\$\$\$ to be more persuasive than the Petitioner's appraisal value of \$\$\$\$\$. The County states that it offers its appraisal only to support the County BOE value and not to seek an increase in the subject's value. Accordingly, the Commission finds that the \$\$\$\$\$ value established by the County BOE is reasonable.

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 Petitioner's 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 Petitioner's 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.

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Kerry R. Chapman
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 _____, 2007.

Pam Hendrickson
Commission Chair

R. Bruce Johnson
Commissioner

Marc B. Johnson
Commissioner

D'Arcy Dixon Pignanelli
Commissioner

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