

07-0249
Property Tax / Locally Assessed
Signed 09/13/2007

BEFORE THE UTAH STATE TAX COMMISSION

PETITIONER, Petitioner, v. BOARD OF EQUALIZATION OF SALT LAKE COUNTY, STATE OF UTAH, Respondent.	ORDER Appeal No. 07-0249 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 Petitioner: PETITIONER
 PETITIONER REPRESENTATIVE
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 September 5, 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 in CITY, Utah. The Salt Lake County Board of Equalization ("County BOE") reduced the \$\$\$\$ value at which the subject was assessed for the 2006 tax year to \$\$\$\$.

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The Petitioner is 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 0.18-acre lot and a split-entry home that was built around 1981. The home has 1,143 square feet of above-grade living space and a two-car garage. The subject also has a basement that is 520 square feet in size that is 77% finished. The total size of the subject property is 1,673 square feet and the total living area (finished) is approximately 1,543 square feet. The subject has a ¾ bath on the above-grade floor, but has no other baths. Although the subject home originally had three bedrooms, it was

remodeled so that it only had two bedrooms as of the lien date. The kitchen cabinets and countertop and the home's flooring were replaced around 2002.

Petitioner's Information. The Petitioner believes that the subject property has been overvalued for several reasons. First, the Petitioner submitted a comparable sale of a home on the same street as the subject, which sold for \$\$\$\$\$ in October 2005. The Petitioner asserts that this home is larger than the subject, which should result in the subject's value being less than \$\$\$\$\$. However, the comparable sale is 1,607 square feet in size, slightly smaller than the subject. The Multiple Listing Service ("MLS") information about this property indicates that the seller is providing a carpet allowance, which suggests that the comparable may also be inferior in condition to the subject and may not have been remodeled as recently as the subject. Furthermore, the County appraiser used this comparable in his appraisal and adjusted it to reflect a value of \$\$\$\$\$ for the subject. Because of the subject's remodeling and its slightly superior size, it is not improbable that the subject's value is greater than the \$\$\$\$\$ value at which this comparable sold.

The Petitioner also provided another comparable that sold for \$\$\$\$\$ in July 2006, six months after the lien date. This comparable is also slightly smaller than the subject and only has a one-car garage, while the subject has a two-car garage. Furthermore, this comparable does not have a fireplace, while the subject has two fireplaces. These differences in features suggest that the subject is more valuable than this comparable sale. However, a time adjustment to the comparable sales price would be necessary, as the County appraiser indicated that values had been greatly increasing in the subject's neighborhood since January 2005. The subject's current value of \$\$\$\$\$ falls between the prices at which these nearby, similar homes sold both before and after the lien date. Based on the two comparables the Petitioner submitted, the Commission is not convinced that the \$\$\$\$\$ value established by the County BOE is incorrect.

Second, the Petitioner proffers a market analysis of the subject prepared by (X) of COMPANY on January 19, 2006. (X) informed the Petitioner that the analysis “tends to substantiate” an estimated value of \$\$\$\$ for the subject property with a suggested range of values between \$\$\$\$ and \$\$\$\$. However, there is no information about the comparables (X) considered or the adjustments he made when preparing his market analysis to show whether or not his approach and conclusions appear reasonable. Accordingly, the Commission is not convinced that this market analysis shows that the \$\$\$\$ value established by the County BOE is incorrect.

Third, the Petitioner believes that the subject property is overassessed because the Petitioner and the County stipulated to a value of \$\$\$\$ for the subject property as of a January 1, 2005 lien date. The County proffers information suggesting that homes in the subject’s zip code appreciated in value by 20% between January 1, 2005 and January 1, 2006. If the stipulated value of \$\$\$\$ represents the subject’s value on January 1, 2005 and it appreciated 20% during 2005, the value of the subject as of January 1, 2006 would be \$\$\$\$. The Commission also notes that the rate of increase between the \$\$\$\$ value at which the parties stipulated for 2005 and the \$\$\$\$ value established by the County BOE for 2006 is approximately 6.7%, much less than the County’s proffer of the “average” rate of appreciation in the subject’s zip code for this time period. For these reasons, the Commission is not convinced that the \$\$\$\$ stipulated value for 2005 shows the current value of \$\$\$\$ for 2006 to be incorrect.

In summary, the Commission is not convinced by the Petitioner’s evidence that the \$\$\$\$ value established by the County BOE for the 2006 tax year 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 of \$\$\$\$\$, \$\$\$\$\$, and \$\$\$\$\$, respectively. The appraiser adjusted the three comparables to prices that ranged between \$\$\$\$\$ and \$\$\$\$\$. The two sales for \$\$\$\$\$ and \$\$\$\$\$ are located on the same street as the subject, which the Petitioner states is busier than the street on which the \$\$\$\$\$ comparable is located. It appears that the subject is slightly larger than any of the three comparables and that it has some features that the comparables do not. Even if the County's \$\$\$\$\$ adjustments to the comparables' land sizes and the \$\$\$\$\$ adjustments for energy efficient items were eliminated, the appraisal would still reflect a value of \$\$\$\$\$, which is equal to the subject's current value. For these reasons and given that the subject has had a significant amount of interior remodeling within the past five years, the Commission finds that the County's information appears to support the \$\$\$\$\$ value established by the County BOE.

In summary, the Commission finds that the information proffered at the Initial Hearing does not show that the current value is incorrect. Accordingly, the Commission denies the Petitioner's appeal and finds that the \$\$\$\$\$ value established by the County BOE should be sustained.

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' name, address, and appeal number:

Appeal No. 07-0249

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

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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