

18-554

TAX TYPE: PROPERTY TAX

TAX YEAR: 2017

DATE SIGNED: 5/22/2020

COMMISSIONERS: J. VALENTINE, M. CRAGUN, R. ROCKWELL, L. WALTERS

GUIDING DECISION

BEFORE THE UTAH STATE TAX COMMISSION

<p>TAXPAYER,</p> <p style="padding-left: 40px;">Petitioner,</p> <p>v.</p> <p>BOARD OF EQUALIZATION OF COUNTY, STATE OF UTAH,</p> <p style="padding-left: 40px;">Respondent.</p>	<p>FINDINGS OF FACT, CONCLUSIONS OF LAW, AND FINAL DECISION</p> <p>Appeal No. 18-554</p> <p>Parcel No. #####</p> <p>Tax Type: Property Tax</p> <p>Tax Year: 2017</p> <p>Judge: Marshall</p>
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This Order DATE 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. Subsection 6 of that rule, pursuant to Sec. 59-1-404(4)(b)(iii)(B), prohibits the parties from disclosing commercial information obtained from the opposing party to nonparties, outside of the hearing process. Pursuant to Utah Admin. Rule R861-1A-37(7), the Tax Commission DATE 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 send the response via email to taxredact@utah.gov, or via mail to Utah State Tax Commission, Appeals Division, 210 North 1950 West, CITY-1, Utah 84134.

Presiding:

Rebecca Rockwell, Commissioner

Jan Marshall, Administrative Law Judge

Appearances:

For Petitioner: REPRESENTATIVE-1 FOR TAXPAYER

REPRESENTATIVE-2 FOR TAXPAYER, Appraiser

For Respondent: REPRESENTATIVE-1 FOR RESPONDENT, Deputy District Attorney,
COUNTY

REPRESENTATIVE-2 FOR RESPONDENT, COUNTY District Attorney's
Office

RESPONDENT-1, Appraiser, COUNTY

RESPONDENT-2, COUNTY Assessor's Office

RESPONDENT-3, COUNTY Assessor's Office

STATEMENT OF THE CASE

This matter came before the Utah State Tax Commission for a Formal Hearing on October 29, 2019, in accordance with Utah Code Ann. §59-2-1006 and §63G-4-201 et seq. Based upon the evidence and testimony presented at the hearing, the Tax Commission hereby makes its:

FINDINGS OF FACT

1. Petitioner (“Taxpayer”) is appealing the assessed value of the subject property located in COUNTY.
2. The COUNTY Assessor’s Office valued the subject property at \$\$\$\$ as of the DATE1, 2017 lien date. (BOE Record).
3. The Board of Equalization (“County”) sustained the assessed value. (BOE Record).
4. The Taxpayer timely appealed the Board of Equalization decision to the Tax Commission. (BOE Record).
5. The Taxpayer is asking the Commission to reduce the value of the subject property to \$\$\$\$.
6. The County is asking the Commission to sustain the Board of Equalization value of \$\$\$\$.
7. The subject property is parcel no. #####, located at SUBJECT PROPERTY in CITY-1. It is #####-acres and is improved with a (WORDS REMOVED).¹ The building is #####-square feet and is a construction class C. A significant portion of the square footage is exempt from taxation as it contains (X) and (Y) that are occupied. The facilities were built in YEAR, YEAR, and YEAR. (BOE Record).
8. In support of its requested value, the Taxpayer submitted an appraisal report prepared by REPRESENTATIVE-2 FOR TAXPAYER, a Certified General Appraiser. The appraisal prepared by REPRESENTATIVE-2 FOR TAXPAYER determined a value of \$\$\$\$ as of the, DATE1 2017 lien date. (Exhibit 23).
9. REPRESENTATIVE-2 FOR TAXPAYER’s appraisal used #####-square feet for the building improvements. He excluded the portions of the building used for (X) and (Y). (Exhibit 23).
10. REPRESENTATIVE-2 FOR TAXPAYER relied upon the sales approach in his appraisal. He concluded a value of \$\$\$\$ per square foot based on the following four sales (Exhibit 23):

	Subject	Sale #1	Sale #2	Sale #3	Sale #4
Address	SUBJECT PROPERTY	PROPERTY-1	PROPERTY-2	PROPERTY-3	PROPERTY-4
City	CITY-1	CITY-1	CITY-2	CITY-3	CITY-4
Square Feet	#####	#####	#####	#####	#####
Acres	#####	#####	#####	#####	#####
Year Built	YEAR	YEAR	YEAR	YEAR	YEAR
Quality	Good	Good	Good	Good	Good
Condition	Average	Average	Average	Average	Average

¹ The economic unit is a total of #####-acres and includes the associated parcels #####, #####, and #####. The additional parcels are not a part of this appeal.

Sales Date		04/2017	04/2017	10/2016	03/2016
Purchase Price		\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$
Price/Sq.Ft.		\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$
Adjusted Price		\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$

11. REPRESENTATIVE-2 FOR TAXPAYER stated that there was an error on his adjustments for the first comparable. He stated that there should have been an upward %%% adjustment. REPRESENTATIVE-2 FOR TAXPAYER noted that increased the adjusted price for comparable one to \$\$\$\$ per square foot, and increased the overall average price per square foot to \$\$\$\$.
12. REPRESENTATIVE-2 FOR TAXPAYER stated that the purchase price of the second comparable (“BUSINESS-1”) was taken from a restricted appraisal on that property.
13. REPRESENTATIVE-2 FOR TAXPAYER stated that the purchase price of the third comparable (“BUSINESS-2”) was from an appraisal on that property. He stated that he had previously appraised the third comparable, and the value he determined was similar to the appraisal value for the purchase.
14. REPRESENTATIVE-2 FOR TAXPAYER stated that the purchase price for the fourth comparable (“BUSINESS-3”) was an allocated real estate value.
15. RESPONDENT-1 argued that the Taxpayer’s first comparable sale is not a reliable indication of market value. He testified that the (Z) was originally given to the RELIGIOUS ORGANIZATION, and was the subject of litigation for about four years. RESPONDENT-1 stated that during that time, the property deteriorated, and it was not in average condition at the time of the sale. He stated that there was also a lawsuit regarding the quality of the (Y) construction for that property, and that the buyers invested money in the property after the purchase.
16. RESPONDENT-1 argued that the BUSINESS-1 sale was not an arm’s-length transaction, as the parties were related.
17. The County provided a copy of the BUSINESS-1 appraisal. The appraisal is a restricted appraisal report. The appraiser specifically noted, “[t]he report is based upon the Sales Comparison Approach only. The intended user of this report is warned that the reliability of the value conclusion provided DATE be impacted to the degree that the appraisal is restricted in scope.” (Exhibit 3).
18. The BUSINESS-1 appraisal determined a value of \$\$\$\$ as of DATE, 2017. The comparable sales used in the appraisal included two BUILDING 1’s, EDUCATION ORGANIZATION, STUDIO and the BUSINESS-2. (Exhibit 3).

19. RESPONDENT-1 testified that in his opinion that the RELIGIOUS ORGANIZATIONS, EDUCATION ORGANIZATION, BUILDING-3, used as comparable sales in the BUSINESS-1 appraisal do not have uses that are comparable to the subject property. He stated that the BUSINESS-2 sale was between related parties, and that the \$\$\$\$ sales price is lower than documents related to the transaction indicate.
20. A real estate purchase contract dated DATE, 2017 shows that BUSINESS-4 offered to purchase the BUSINESS-1 (Taxpayer's second comparable sale) for \$\$\$\$ from BUSINESS-5. The buyer's offer was signed by NAME-1, and the Seller's acceptance was signed by NAME-2. (Exhibit 4).
21. A quit claim deed was recorded on DATE, 2017 transferring the BUSINESS-1 from BUSINESS-1 to BUSINESS-4. Additionally, a trust deed was recorded with the COUNTY Recorder's Office on DATE, 2017 between BUSINESS-4 and BUSINESS-5 for \$\$\$\$ in consideration. (Exhibit 5).
22. The County provided a breakout of the purchase price allocation for the BUSINESS-1. A total of \$\$\$\$ was allocated to the building, land, and solar panels. (Exhibit 6). RESPONDENT-1 stated that he did not know the basis of the allocations, but opined that the goodwill, which totaled \$\$\$\$, seemed high.
23. On DATE, 2017, BUSINESS-1 filed Articles of Amendment to Articles of Incorporation, changing the corporation name to BUSINESS-5 (Exhibit 7).
24. The registered principals of BUSINESS-5, were NAME-3 and NAME-2. (Exhibit 7).
25. NAME-1 was listed as a principal for the following entities: BUSINESS-1, ENTITY-1; BUSINESS-1, ENTITY-2; BUSINESS-1, ENTITY-3; BUSINESS-1, ENTITY-4; and BUSINESS-4, ENTITY-5. (Exhibit 7).
26. A Department of Commerce Search yielded no results for "BUSINESS-4." (Exhibit 8).
27. RESPONDENT-1 testified that the BUSINESS-2 sale was not an arm's length transaction, as the prior owners sold the BUSINESS-B to their daughter, and are still involved in the business.
28. A printout from the BUSINESS-2 website includes the following, "When NAME-4 and NAME-5 BUSINESS-2 opened the doors of BUSINESS-2 over ##### years ago, they knew the importance of offering a quality service at a fair price. This is still our motto today. Because we are a family owned and operated business we can give each family the individual attention they deserve while treating everyone with honesty and respect." (Exhibit 10).
29. A warranty deed was filed with the COUNTY Recorder's office on October 7, 2016 transferring the BUSINESS-2 from BUSINESS-2 to COMPANY-1. That same day a trust deed was recorded between COMPANY-1 to BANKING INSTITUTION in the amount of \$\$\$\$\$. (Exhibit 9).

30. The Certificate of Organization for COMPANY-1 identifies the members of the LLC as NAME-6 and NAME-7. (Exhibit P-11).
31. The County provided a copy of the BUSINESS-2 appraisal. The appraisal determined an as-is value of \$\$\$\$ as of DATE, 2016. In addition, the appraisal included a prospective value of \$\$\$\$ upon completion of a proposed #####-square foot addition that included a (ZZ). (Exhibit 14).
32. The sales comparison approach in the BUSINESS-2 appraisal relied upon six sales. Five of the sales are identified as office or medical office buildings. The office sales occurred between DATE, 2012 and DATE, 2015. The sixth sale indicates that it is a BUSINESS-B that sold in YEAR. However, the information in the appraisal indicates that the grantor was COMPANY-2, and that the grantee was COMPANY-3. (Exhibit 14).
33. RESPONDENT-1 testified that he contacted BUSINESS-6, and was told that the property had not been sold. He also noted that YEAR was during the recession, and would indicate the bottom of the market.
34. The BUSINESS-2 appraisal indicates that the parties agreed upon a sales price of \$\$\$\$\$. A copy of the Agreement for Purchase and Sale of Stock is included in the appraisal. It indicates that in addition to the payment of \$\$\$\$\$, the purchases are to pay off an outstanding loan with a balance of \$\$\$\$\$. (Exhibit 14).
35. The BUSINESS-3 purchase was an allocated value for the real estate. The County provided a copy of the Asset Purchase Agreement, wherein, the total purchase price was \$\$\$\$\$. The purchase included a number of personal property assets, including office equipment, furniture, and vehicles. Also, it included business licenses for the BUSINESS-B, and inventory. In addition, it included real property located at PROPERTY-4 in CITY-4 and PROPERTY-4(a) in CITY-4. (Exhibit 12).
36. The 2016 Property Valuation Notice shows that the BUSINESS-3 property was valued at \$\$\$\$\$. \$\$\$\$\$ of that value was attributable to primary residential property. (Exhibit 12).
37. In support of the Board of Equalization value, RESPONDENT-1, an appraiser for COUNTY prepared a write up using the cost approach. RESPONDENT-1 concluded a value of \$\$\$\$\$ for the subject property as of the DATE, 2017 lien date. (Exhibit 1).
38. RESPONDENT-1 determined a land value of \$\$\$\$\$ for the subject property based on the following land sales (Exhibit 1):

	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6
Address	SUBJECT ADDRESS	ADDRESS-5	ADDRESS-6	ADDRESS-7	ADDRESS-8	ADDRESS-9	ADDRESS-10
City	CITY-1	CITY-1	CITY-1	CITY-5	CITY-6	CITY-7	CITY-1
Acres	#####	#####	#####	#####	#####	#####	#####

Zoning	OS	R-1-10	ESN	R-1-10	SD	P-O	OS
Shape	Irregular	Irregular	Rectangular	Rectangular	Irregular	Rectangular	Rectangular
Topography	Slope	Slope	Flat	Flat	Flat	Flat	Flat
Access	Good	Good	Good	Good	Good	Good	Good
Sales Date		DATE	DATE	DATE	DATE	DATE	DATE
Sales Price		\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$
Price/Sq.Ft.		\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$
Adj. Price		\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$

39. RESPONDENT-1 testified that there were no open space land sales within the county. He stated that he tried to look for similar sized properties, located near a major street, and that could accommodate a BUSINESS-B/BUSINESS-A.
40. The County submitted copies of vacant land sales that the Taxpayer had previously provided to the County. The County provided photographs of the properties, and RESPONDENT-1 commented on the sales as follows (Exhibit 19):
- a. The first sale was for ##### acres of open space land. It sold in DATE 2014 for \$\$\$\$\$, or \$\$\$\$\$ per acre. RESPONDENT-1 noted that the land is hillside located above CANYON.
 - b. The second sale was for #####-acres of land zoned for agricultural use. It sold in December 2016 for \$\$\$\$\$, or \$\$\$\$\$ per acre. The County provided a photograph that shows water on a large portion of the property. RESPONDENT-1 stated that the property is primarily marshland.
 - c. The third sale was for #####-acres of forestry recreation land. It sold in DATE2016 for \$\$\$\$\$, or \$\$\$\$\$ per acre. The topography overlay photograph provided by the County shows that much of the property is fairly steep. RESPONDENT-1 noted that the property was purchased by CITY-8 and that the property can never be developed.
 - d. The fourth sale was for #####-acres of open space land. It sold in DATE 2016 for \$\$\$\$\$, or \$\$\$\$\$ per acre. The property was purchased by CITY-1. RESPONDENT-1 stated that the property has no legally allowed access.
 - e. The fifth sale was reportedly for residential land in CITY-8. It sold in DATE 2016 for \$\$\$\$\$, or \$\$\$\$\$ per acre. RESPONDENT-1 stated that the information reported for the sale does not appear to be accurate, as the parcel number listed was for a #####-acre lot.
 - f. The sixth sale was for #####-acres of forestry and recreation land. It sold in DATE 2015 for \$\$\$\$\$, or \$\$\$\$\$ per acre. RESPONDENT-1 stated that this parcel is located in CANYON-2 and is very steep.
 - g. RESPONDENT-1 stated that the seventh, eighth, and ninth sales are all marshland. They are all located in the northwest part of the county, and sold for approximately \$\$\$\$\$ per acre.
 - h. The tenth sale is #####-acres of forestry recreational, foothill recreational, and foothill residential land. It sold in DATE 2016 for \$\$\$\$\$, or \$\$\$\$\$ per acre. Approximately

%%%% of the land is zoned for residential use, and is considered to be the most developable of the acreage.

41. The County provided information on the sale of land in CITY-3 that was purchased for the purpose of constructing a new BUSINESS-A. The land was #####-acres and zoned commercial regional. It sold in December 2012, for \$\$\$\$\$. (Exhibit 21).
42. RESPONDENT-1 relied on the Marshall Valuation Services Commercial Cost Manual to determine the value of the improvements. He calculated the value of the BUSINESS-A using #####-square feet, #####-square feet of garage/storage space, an effective age of ##### years, an economic life of ##### years, good quality construction, and average condition. (Exhibit 1).
43. Following is the replacement cost estimate prepared by RESPONDENT-1:

Improvement	Class	Quality	Quantity	Unit	Unit Cost	Cost New
BUSINESS-A	C	Average	#####	SF	\$\$\$\$\$	\$\$\$\$\$
Storage Warehouse	C	Average	#####	SF	\$\$\$\$\$	\$\$\$\$\$
Retort Costs	C	Average	#####	Count	\$\$\$\$\$	\$\$\$\$\$
Canopy	D	Average	#####	SF	\$\$\$\$\$	\$\$\$\$\$
Site Improvement			#####	SF	\$\$\$\$\$	\$\$\$\$\$
TOTAL			#####		\$\$\$\$\$	\$\$\$\$\$

44. RESPONDENT-1 obtained information on the cost of surface improvements from NAME-3 of ENGINEERING COMPANY. Asphalt and landscaping run about \$\$\$\$\$ per square foot. When underground utilities, storm drainage, and street lights are added, the total site improvement cost is between \$\$\$\$\$ and \$\$\$\$\$ per square foot.
45. Following is a summary of RESPONDENT-1's cost approach:

Replacement Cost New		
BUSINESS-A		\$\$\$\$\$
Development Fee	%%%%	\$\$\$\$\$
		\$\$\$\$\$
Depreciation		\$\$\$\$\$
Deferred Maintenance		\$\$\$\$\$
Age/Life Depreciation	%%%%	\$\$\$\$\$
Functional Obsolescence		\$\$\$\$\$
Economic Obsolescence		\$\$\$\$\$
Total Depreciation		\$\$\$\$\$
Depreciated Replacement Cost		\$\$\$\$\$

Rounded		\$\$\$\$
Non Depreciation Items		\$\$\$\$
(Y) (11)	\$\$\$\$	\$\$\$\$
(X) (139)	\$\$\$\$	\$\$\$\$
Depreciated Replacement Cost		\$\$\$\$
Land Value		\$\$\$\$
Indicated Property Value		\$\$\$\$

46. The County prepared a sales comparison approach that determined a rounded value of \$\$\$\$\$. Following are the sales considered by the County (Exhibit 15). :

	Subject	Sale #1	Sale #2
Name	TAXPAYER	BUSINESS-7	BUSINESS-3
Address	SUBJECT PROPERTY	PROPERTY-5	PROPERTY-4
City	CITY-1	CITY-9	CITY-4
Acres	#####	#####	#####
Building Sq.Ft.	#####	#####	#####
Year Built	YEAR	YEAR	YEAR
Quality of Construction	Good	Good	Good
Condition	Average	Fair	Average
Sales Date		DATE	DATE
Sales Price		\$\$\$\$	\$\$\$\$
Price/Sq.Ft.		\$\$\$\$	\$\$\$\$
Adjusted Price/Sq.Ft.		\$\$\$\$	\$\$\$\$

47. RESPONDENT-1 testified that the County generally does not rely on the sales comparison approach for BUSINESS-A, because BUSINESS-A sales are “messy” and generally include additional property. He stated that it is difficult to isolate the BUSINESS-A real property, and as a result, he abandoned the sales comparison approach.

APPLICABLE LAW

Utah Code Ann. §59-2-103 provides for the assessment of property, as follows:

- (1) All tangible taxable property located within the state shall be assessed and taxed at a uniform and equal rate on the basis of its fair market value, as valued on DATE1, unless otherwise provided by law.

For property tax purposes, “fair market value” is defined in Utah Code Ann. §59-2-102(13), as follows:

“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 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.

A person DATE appeal a decision of a county board of equalization, as provided in Utah Code Ann. §59-2-1006, in pertinent part, below:

- (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, DATE 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...
- (3) In reviewing the county board’s decision, the commission DATE:
 - (a) admit additional evidence;
 - (b) issue orders that it considers to be just and proper; and
 - (c) make any correction or change in the assessment or order of the county board of equalization.
- (4) In reviewing evidence submitted to the commission by or on behalf of an owner or a county, the commission shall consider and weigh:
 - (a) the accuracy, reliability, and comparability of the evidence presented by the owner or the county;
 - (b) if submitted, the sales price of relevant property that was under contract for sale as of the lien date but sold after the lien date;
 - (c) if submitted, the sales offering price of property that was offered for sale as of the lien date but did not sell, including considering and weighing the amount of time for which, and manner in which, the property was offered for sale; and
 - (d) if submitted, other evidence that is relevant to determining the fair market value of the property.
- (5) In reviewing the county board’s decision, the commission shall adjust property valuations to reflect a value equalized with the assessed value of other comparable properties if:
 - (a) the issue of equalization of property values is raised; and
 - (b) the commission determines that the property that is the subject of the appeal deviates in value plus or minus 5% from the assessed value of comparable properties.

In a proceeding before the Tax Commission, the burden of proof is generally on the petitioner to support its position. To prevail in this case, the petitioner must: 1) demonstrate that the subject property’s current value contains error; and 2) provide the Commission with a sound evidentiary basis for changing the subject property’s current value to the amount it proposes. *See Nelson v. Bd. of Equalization of COUNTY*, 943 P.2d 1354 (Utah 1997); *Utah Power & Light Co. v. Utah State Tax Comm’n*, 590 P.2d 332 (Utah 1979); *Beaver County v. Utah State Tax Comm’n*, 916 P.2d 344 (Utah 1996); and *Utah Railway Co. v. Utah State Tax Comm’n*, 2000 UT 46, 5 P.3d 652 (Utah 2000).

CONCLUSIONS OF LAW

- A. The Taxpayer has the burden of proof to demonstrate not only an error in the valuation set by the County Board of Equalization, but also provide a sound evidentiary basis to support a new value.

Property tax is based on the market value of the property as of DATE, of the tax year at issue, under Utah Code Ann. §59-2-103. Utah Code Ann. §59-2-102 defines “fair market value” as the amount for which property would exchange hands between a willing buyer and seller.

- B. The Taxpayer has not sustained its burden of proof to show an error in the value set by the Board of Equalization, nor has it provided a sound evidentiary basis to support a new value. The Taxpayer submitted an appraisal that determined a value of \$\$\$\$ for the subject property based on the sales comparison approach. The Commission finds the County’s testimony that it is difficult to derive a value for just the real property to be compelling, as BUSINESS-A sales generally include personal property, inventory, and intangibles. The Taxpayer’s first sale had been the subject of litigation for several years prior to the sale and during that time the condition of the property had deteriorated, and was not in average condition. The second and third comparable sales transactions occurred between related parties, and were not arm’s length transactions. Additionally, trust deeds were recorded with the COUNTY Recorder’s Office for the second and third comparable sales for amounts in excess of the reported sales prices. The Taxpayer’s fourth comparable sale, while not between related parties, relied upon an allocated purchase price for the real estate. The total purchase price for the fourth comparable sale was \$\$\$\$\$, with \$\$\$\$\$ allocated to the real property. The real property included in that transaction included BUSINESS-D, in addition to the BUSINESS-A/BUSINESS-B.

The Taxpayer’s second and third comparable sales had appraisals completed at the time of those transactions. The appraisal for the second comparable included as comparable sales two RELIGIOUS ORGANIZATIONS, EDUCATION ORGANIZATION, AND STUDIO, and the Taxpayer’s third comparable sale. The appraisal for the third comparable included as comparable sales five office or medical office buildings, and purportedly a BUSINESS-A that sold in YEAR.² The Commission has previously indicated that it is not convinced that a sales comparison approach that uses office sales is an appropriate methodology to value BUSINESS-A/BUSINESS-B. In Appeal No. 15-892³, the Commission found that the cost approach should be given greater weight, relying on the Encyclopedia of Real Estate Appraising⁴, which provides as follows:

5. “Market Value” of a BUSINESS-A DATE be arrived at by applying the three approaches to value – Cost Approach, Income Approach, and Market Data Approach. Since the BUSINESS-A is a special purpose property, the Cost Approach is often given the greatest weight. The Market Data Approach is given greater weight than the Income Approach...
8. The Market Data Approach DATE also be difficult to apply in appraising a BUSINESS-A, because there are few sales of such property. The appraiser DATE

² The information included in the appraisal seems to actually report a BUSINESS-C, rather than a BUSINESS-B sale.

³ Prior Commission decisions are available online at tax.utah.gov/commission-office/decisions.

⁴ Encyclopedia of Real Estate Appraising, Third Edition. Edited by Judith J. Friedman, DATE 1978.

have to rely on sales of large single-family dwellings in the area, making adjustments to reflect cost of conversion to BUSINESS-A use. Sales of comparable properties in other areas should be considered only if necessary and always with great caution.

The Commission is willing to consider all valuation methodologies, but will make its decision based on a consideration of the pros and cons of each methodology, focusing heavily on the strength of the evidence for each methodology and which party has the burden of proof. In this case, the Commission finds that while each of the sales used in the Taxpayer's appraisal was for a BUSINESS-B/BUSINESS-A, there is evidence sufficient to question whether those sales represent a "fair market value."

- C. The cost approach provided by the County supports the Board of Equalization value. As noted previously, the cost approach should be given greater weight than the income or sales approaches to value. The County's cost approach included land sales of parcels that would support a BUSINESS-B/BUSINESS-A use. Additionally, the County used Marshall Valuation Services to determine the value of the improvements, as a Class C property of average quality. The Taxpayer offered no evidence to show error in the County's cost approach, which supports the Board of Equalization value of \$\$\$\$\$.

Jan Marshall
Administrative Law Judge

DECISION AND ORDER

Based on the foregoing, the Commission finds the value of parcel no. ##### was \$\$\$\$ as of the, DATE, 2017 lien date, and sustains the Board of Equalization value. It is so ordered.

DATED this _____ day of _____, 2020.

John L. Valentine
Commission Chair

Michael J. Cragun
Commissioner

Rebecca L. Rockwell
Commissioner

Lawrence C. Walters
Commissioner

Notice of Appeal Rights: You have twenty (20) days after the date of this order to file a Request for Reconsideration with the Tax Commission Appeals Unit pursuant to Utah Code Ann. §63G-4-302. A Request for Reconsideration must allege newly discovered evidence or a mistake of law or fact. If you do not file a Request for Reconsideration with the Commission, this order constitutes final agency action. You have thirty (30) days after the date of this order to pursue judicial review of this order in accordance with Utah Code Ann. §59-1-601 et seq. and §63G-4-401 et seq.