

ASSESSMENT ISSUES – EQUITABLE VALUATIONS/TRANSPARENCY IN ASSESSMENTS

PROPERTY TAXES AND REVENUE EXPENDITURES INTERIM STUDY COMMITTEE

GREG RUDELL

CERTIFIED GENERAL APPRAISER & TAX CONSULTANT

AUGUST 21, 2020

QUALIFICATIONS

- 44-years as an appraiser
- 10-years Ada County Assessor Offer – detour
- Licensed Idaho & Oregon
 - Great Experience
 - Qualified Expert Idaho & Oregon District Courts
 - Idaho & Nevada Federal Courts
 - Over 2 Billion in Completed Fee Appraisals past 10-years.
 - Appraisals Completed Idaho, Oregon, Washington, Utah, Wyoming & Nevada – other States Temporary Licenses.

AVAILABILITY OF ASSESSMENT DATA

- Most Counties will provide with e-mail request.
- Several Counties, must file Formal Written Requests.
- Counties that lack Transparency will take up to the 3-day Rule + the Additional 10-days.

One County required that a formal request for each individual tax account parcel. Over 20 parcels, took weeks to get basic information for an Estate Valuation Appraisal.

Counties hold all real property information, from Assessment, Tax Billings, all Recorded Documents.

We don't mind paying a small fee, but delay is the problem.

BTA TAX APPEAL

- I got a Reduction for a Taxpayer upon Appeal in 2019.
- I filed Public Records Request for the 2020 Index-Trends applied for the 2020 value changes.
- Assessor responded, he didn't know the indexed and requested a \$400 fee to research.
 - Is this transparency?
 - Is this fair to the taxpayer

ASSESSMENT ISSUES - UNIFORMITY

- Example Asphalt Valuations
- Lack of Uniformity
- Inconsistent Depreciation Based on Age
- RCN – Replacement Cost new
- AV – Assessed Value
- These are variations within one County

ASPHALT RCN & DEPRECIATION SUMMARY

Asphalt RCN & Depreciated AV Summary

	Age/Years	RCN/SF	Depr. Factor	Depre. Cost/SF	Effective Life-Years
Republic Shilo	28	\$5.13	0.0%	\$5.13	Infinite
Republic Shilo	26	\$1.80	-21.0%	\$1.42	123.8
Republic Shilo	28	\$7.19	0.0%	\$7.19	Infinite
Republic Cleveland	28	\$9.85	0.0%	\$9.85	186.7
Republic Linden	23	\$12.00	0.0%	\$12.00	Infinite
Hemingway	22	\$1.80	-21.0%	\$1.42	104.8
Karcher	12	\$6.34	0.0%	\$6.34	Infinite
Stor-It Chicago	23	\$7.46	0.0%	\$7.46	Infinite
Sawgrass	9	\$1.80	-9.0%	\$1.64	100.0
Save Most-Laster	16	\$5.10	0.0%	\$5.10	Infinite
Big Storage	2	\$15.61	0.0%	\$15.61	Infinite
Valley View-Montana	15	\$7.12	0.0%	\$7.12	Infinite
Range - Minimum	2	\$1.80	0.00%	\$1.42	100.0
Range - Maximum	28	\$15.61	-21.00%	\$15.61	Infinite

FICTITIOUS ASSET ASSESSED

- Asphalt Square Feet Exceeds Physical Site Area
- This property by over 260,000 sf.
- Multiple Examples in One County
- If the taxpayer hadn't hired me, taxpayer would have never known the error in example.
- It only became evident when we obtained after filing Public Records Request for the full, complete appraiser Proval detail worksheets.

Asphalt Square Footage



Source: Google Earth

Republic Storage - 1212 Shilo Drive, Nampa, Idaho									
2018 County Proval Square Footage Assessment Summary									
Parcel #	Acres	Site Assessed SF	Canal	Total SF Buildings	Total SF Gravel	Total SF Paving	Total SF Landscaping	Total SF Assessed	Excess SF Assessed Diff.
R08520503	1.71	74,488		24,064	16,800	190,000	26,500	257,364	-182,876
R08520504	4.81	209,524		90,680	19,100	82,383	1,000	193,163	16,361
R31223011	5.75	250,470	12,632	92,390	44,266	190,000	5,000	344,288	-93,818
Totals	12.27	534,481	12,632	207,134	80,166	462,383	32,500	794,815	-260,334

HOW DOES TAXPAYER GET ASSESSMENT VALUATION DATA

- Some Counties, must file a Formal Public Records Request.
- County will delay, using the additional 10-day rule to provide the records.
- Must know the specific assessment record to request.
- Typical taxpayer is clueless as to what the full record is comprised.
- Itemized property characteristics, i.e., square feet, # of baths, other features such as pool, hot tub, type of heat-air, roof type, etc.
- Information not included on Assessment Notice.

The major changes are asphalt and building depreciation rates and the assessment of one storage building twice.

Asphalt: The asphalt depreciation rate was reduced to -0.0%, giving the asphalt an infinite effective life. The depreciated replacement cost was \$2.05/square foot in 2016 and increased to \$7.12/square foot in 2018. Again, the 2018 asphalt value was hard-keyed, intentionally added to give this sale an erroneous, arbitrary and capricious 2018 assessed valuation.

The County is also assessing an excess of 62,761 +/- square feet of asphalt that exceeds the available site area.

Valley View - 4007 Montana, Caldwell, Idaho									
2018 County Proval Square Footage Assessment Summary									
Parcel #	Acres	Site Assessed	Canal	Total SF Buildings	Total SF Gravel	Total SF Paving	Total SF Landscap	Total SF Assessed	Excess SF Assessed
R35731000	5.49	239,144	31,363	101,315		133,127	36,100	301,905	-62,761
Totals	5.49	239,144	31,363	101,315	0	133,127	36,100	301,905	-62,761

Then the appraiser hard-keyed depreciated replacement cost of this 15 year old asphalt at \$7.12/square foot. No depreciation factor applied, again giving the asphalt an infinite effective life.

Buildings: The building improvements depreciation rates were also reduced across the board.

NOTE: The 2015 new construction of 9,450 square feet was added to the 2017 new construction of approximately 4,500 square feet.

CONCLUSION: The following three factors provide conclusive evidence prove that the Canyon County Assessor appraisal of real property value is invalid, incorrect and disputed.

First: the appraiser reported an unverified sale price to which the County first indicated to be \$5,330,000, now reported per PROVAL notes to be \$4,500,000.

Second: This was reported on August 28, 2018, three months after the final assessment notices.

Third: The figures used by Canyon County to report the erroneous value necessitated them valuing the same building twice.

IDAHO MARKET VALUE

- Idaho Standard is;
- Absolute, fee simple **unencumbered**.
- Starting to see Assessed Valuations using Fee Simple, **Encumbered**, or Leased Fee Estate.
- Idaho Assessment Standard **is not**, Investment Value!
- Or the value an REIT might pay who has access to very low-cost money or debt.

CAPITALIZATION RATES

- Some Assessor's are migrating to using overall, national publication rates which include the large metropolitan areas.
- Local rates should be used for Tax Assessment, which a typical Idaho taxpayer would require for return on investment.
- Historically, Idaho capitalization rates are 1-2.0% higher than national averages.
- Uniformity in capitalization rates
 - In adjoining Counties, for one property class, we have a 1.0+% difference in capitalization rate used in the income approach.
 - The County which from demographic's has higher income levels, uses the higher rate.

POTENTIAL ABUSES OF PROCESS

- Some County Assessors are using the BOE and Board of Tax Appeals for discovery of confidential business records.
- I have experience the Subpoena of business records by the Board of Equalization for BOE tax appeal
- Confidential business records should not be used to target individual taxpayers.
- Confidential business records only apply to the specific property and the resulting income might include exceptional management, contracts, trade names, etc., all exempted from tax assessment of real estate only.

SUMMARY – CONCLUSIONS

- There needs to be enforcement that insures Assessors to comply with Statutes and Admin. Rules.
- Require compliance with the Basic International AAAO Assessment Standards.
- I don't mind having a disagreement with Assessed value so long both parties are complying with consistent and uniform valuation principles.
- Above all, the process needs to be much more transparent and taxpayer friendly.