

BOARD OF EQUALIZATION
GILA COUNTY, ARIZONA

Date: November 15, 2005

JOSÉ M. SANCHEZ
Chairman

STEVEN L. BESICH
Clerk of the Board

TOMMIE C. MARTIN
Vice-Chairman

By: Marilyn Brewer
Deputy Clerk

SHIRLEY DAWSON
Member

Gila County Courthouse
Globe, Arizona

PRESENT: Jose M. Sanchez, Chairman; Tommie C. Martin, Vice-Chairman; Shirley L. Dawson, Member; Dale Hom, Assessor; Hazel Dillon, Chief Deputy Assessor, Larry Huffer, Chief Appraiser; Irene Mata, Property Appraiser II; Lynn Mata, Property Appraiser I; and, Marilyn Brewer, Deputy Clerk of the Board of Supervisors.

At 1:30 p.m., the Gila County Board of Equalization met to review appeals of the Assessor's 2006 Notices of Change for the value of various parcels of land located within Gila County. Chairman Sanchez asked everyone present to state their name and title for the record.

For the record, as each petition was reviewed, the Chairman advised the petitioners present of the hearing process. The Assessor provided the Board of Equalization with maps and photographs of each subject property and comparable sale properties. Chairman Sanchez asked each petitioner who appeared in person to voice his/her concerns first. He then called upon Larry Huffer to present documentation to the Board and explain the Assessor's opinion of value for each property or tax parcel. Assessor Dale Hom also presented information to the Board.

In total, four petitions were presented for review by the Board of Equalization. A summary of the results of the hearings in the order they were addressed is as follows:

- **Parcel No. 304-16-089 – Mr. Ronald Lewis for Ronald Lewis Living Trust – in person.**

The Petition for Review of Notice of Change submitted by Mr. Lewis states that his opinion of value for the subject property is \$135,000. The Petition states: *“I feel your computer program is flawed. I also feel that because of unprincipled contractors and real estate agents, the real estate market has become unrealistic, with people willing to pay inflated prices.”* Mr. Lewis, appearing in person, stated that the valuation on his parcel was increased \$30,000 above the initial estimation, which may partly be due to the escalated values of real estate in that area. Mr. Lewis also addressed the computer program used by the Assessor’s Office, which he understands is used statewide. He stated that in comparing the fees paid to contractors listed in the computer program versus what he actually paid to contractors, the Assessor’s program fees are twice as high. He also stated that in working for an insurance company in evaluating properties, the highest amount paid for building construction was \$50.00 per square foot unless it was some “pristine” building. Mr. Lewis stated that he is building his own house on this property which is at 90% completion, he did not spend near the amount to build it that he is being assessed, and requested that the property be valued at \$135,000. Mr. Huffer advised that this subject property located in Payson is currently being assessed at 90% completion for 2006; the previous assessment was at 70% completion. The increased value is \$29,142 more than the original 2006 Notice of Value card. Mr. Huffer presented a map of the subject property along with a chart showing the petitioner’s equity comparables and Assessor’s sale comparables. He stated that in looking at the comparable properties provided by Mr. Lewis, after removing the land value and the ‘add items’ such as basements,

garages, and decks, based on just the house, the value of the subject property is \$53.65 per square foot at 90% complete. Petitioner's comparable parcel number 304-17-1104 is valued at \$55.36 as if 100% complete, and petitioner's comparable parcel number 304-17-1106 is valued at \$52.88 per square foot, which are quite in line with the petitioner's valuation. The third parcel valued at \$45.51 per square foot is based on an appeal. Mr. Huffer stated that the Gila County Assessor's Office uses the same methodology on all of the properties in this County in which to value improvements. The Arizona Department of Revenue's Construction Cost System created by Marshall and Swift is a program that estimates the cost at today's prices less depreciation plus the value of the land, which is a tool used to arrive at today's market value of the property. Within the system is a location factor for just Gila County. He stated that Section 5 of A.R.S. §42-11001 states that the "full cash value" is synonymous with "market value," and "market value and "cost value" are considerably different. Mr. Huffer stated that the Assessor's values have to reflect what it would cost on today's real estate market to buy the same property on the open market. Mr. Huffer also stated that Mr. Lewis' garage, if it were called a basement, would increase the value even more. Mr. Hom stated that the reason for the higher valuation for a basement is because a basement supports the house. Mr. Huffer then went over the Assessor's sale comparable properties in the area which were all higher per square foot than Mr. Lewis' property. Mr. Huffer, therefore, recommended that the full cash value of the subject property remain at \$146,510 for the 2006 tax year. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved keeping the full cash value of the subject property at \$146,510 for the 2006 tax year.

Decision: No change. The Board of Equalization agrees with the Assessor's opinion of value based on the square footage cost of comparable properties within the same area.

FCV (full cash value) = \$146,510; LPV (limited property value) = \$138,804; Legal Class = 3; and, Assessment Ratio = 10%.

- **Parcel No. 301-03-009B – Colossal Finance LLC c/o Mr. Joe Riddle, Trustee – in person.**

The Petition for Review of Notice of Change submitted by Mr. Joe Riddle states that his opinion of value for the subject property is \$160,000. The Petition states: *“In considering comparables, type of structure and Gila County Assessor valuations of neighboring property, I believe a fair valuation would be no more than \$160,000 for subject property.”* Mr. Riddle appeared in person along with Jennifer Bingham, who spoke on his behalf. Ms. Bingham stated that based on the sales of comparable properties in the area, they do not understand how the Assessor’s Office arrived at the full cash value. The petitioner provided three comparables which show the square footage sales prices to be \$81.13, \$117.25 and \$79.73 compared to the subject property of \$88.83. Mr. Huffer advised that the petitioner began construction in 2002 on the subject property located in Strawberry. The full cash value was \$133,101 at 50% complete in calendar year 2003 for the original 2006 Notice of Value card. For the 2006 Notice of Change card, based on a current appraisal, and at 100% complete, the full cash value is now \$269,933. He presented a map of the subject property along with a chart showing the petitioner’s and Assessor’s sale comparables. He stated that in looking at the comparables provided by the petitioner, there are a wide variety of homes in the area and many are much older than the subject property, which makes a big difference. Mr. Huffer also pointed out on the map of Strawberry that all the parcels located south of Fossil Creek Road sell for lower prices than those located north of Fossil Creek Road. Petitioner’s property is located north of Fossil Creek Road. He stated that two of the petitioner’s comparables are located south of Fossil Creek Road, which are the parcels that sold for \$81.13 per square foot constructed in

1974 and the parcel that sold for \$79.73 per square foot and constructed in 1986. The petitioner's sale comparable for the parcel located north of Fossil Creek Road sold for \$117.25 per square foot. Mr. Huffer then went over 9 of the Assessor's sale comparable properties, which are all higher per square foot than the subject property without any adjustment for age. Parcel number 301-03-007, which sold for \$87.42 per square foot and recorded in March 2005, is the closest in location to the subject property and was built in 1970, which is considerably older than the subject property. Mr. Huffer stated that he believes the comparable sales support the Assessor's opinion of value; therefore, he recommended that the full cash value of the subject property remain at \$269,933 for the 2006 tax year. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved keeping the full cash value of the subject property at \$269,933 for the 2006 tax year.

Decision: No change. The Board of Equalization agrees with the Assessor's opinion of value based on the sale price per square foot of sale comparable properties within the same area.

FCV = \$269,933; LPV = \$268,166; Legal Class = 3; and, Assessment Ratio = 10%.

After each Board's decision was announced, Mr. Huffer advised Mr. Lewis and Mr. Riddle that, if they so choose, they may appeal the Board of Equalization's decision to the Arizona Tax Court within 60 days at a cost of \$130.

Chairman Sanchez called for a brief recess at 2:55 p.m.

Chairman Sanchez reconvened the meeting at 3:00 p.m.

- **Parcel No. 302-47-005-W1 – Mr. and Mrs. Joseph W. Muller - on the record.**

Vice-Chairman Martin stated that she believes the petitioner is a relative of hers, so she abstained from hearing this item. The Petition for Review of Notice of Change submitted by Mr. Joseph W. and Mrs. Brenda Mae

Brunson Muller states that their opinion of value for the subject property is \$70,000. The Petition states: *“We were aware of the recent re-evaluation due to an additional 1/3 acre to our property. However, an increase is also present due to a temporary fence that we put around a small above-ground pool; also, a small garden fence was made out of horse corral fencing.”* Mr. Huffer advised that this subject parcel is a new tax parcel number as it was a major lot line adjustment with the addition of .39 acre of land to the original parcel which is located in Diamond Star in the Lion Springs Road area. He presented a map of the subject property along with a chart showing the Assessor’s sale comparables. The petitioner did not provide any comparables. Mr. Huffer stated that the change in value was due to an increase of \$7,085 for the addition of the .39 acre of land and \$4,747 for the metal fence added around the above-ground pool. He stated that the petitioner noted that the fence installed around the above-ground pool was temporary; however, the Assessor’s Office has to look at the method of attachment to the property. On the photograph of the subject property, Mr. Huffer showed that the fence has been concreted in place, which basically means that it is an addition to the real estate. If the petitioner should remove the fence at a later date, the petitioner should contact the Assessor’s Office and it would be removed from the real property tax roll. Mr. Huffer also stated that an analysis of the cost of the fence was done by his office. There is 810 lineal feet of metal fence located on the subject property. An 8-foot section of 58” high metal fence at Home Depot is priced at more than \$50.00, which is more than the fence is currently assessed at and does not include the posts, hardware, concrete and labor. Mr. Huffer also stated that the Assessor’s sales of comparable properties, which are all higher per square foot, support the Assessor’s opinion of value of the subject property; therefore, he recommended that the full cash value of the subject property remain at \$80,879 for the 2006 tax year. Upon motion by Supervisor Dawson, seconded by Chairman Sanchez, the Board approved keeping the

full cash value of the subject property at \$80,879 for the 2006 tax year. Vice-Chairman Martin abstained from voting.

Decision: No change. The Board of Equalization agrees with the Assessor's opinion of value based on the sale prices per square foot of comparable properties within the same area.

FCV = \$80,879; LPV = \$80,129; Legal Class = 3; and, Assessment Ratio = 10%.

Chairman Sanchez called for a brief recess at 3:05 p.m.

Chairman Sanchez reconvened the meeting at 3:15 p.m.

- **Parcel No. 205-15-048B – Mr. Lindsey Altom – on the record.**

The Petition for Review of Notice of Change submitted by Mr. Lindsey Altom states his opinion of value for the subject property is \$101,950. The Petition states: *“Compare tax parcel number 208-05-305 with the same 1,200 square footage as petitioner’s property, but the value is \$66,590 despite improvements and the age of the building.”* Mr. Huffer stated that this subject commercial property is located in Globe across the street from Country Kitchen, and the vacant land was purchased for \$90,000. He presented photographs of the subject’s new building along with a chart showing the petitioner’s equity comparable and Assessor’s sale comparable. Mr. Huffer stated that the equity comparable submitted by the petitioner is considerably older (built in 1972) than the subject property which was just built this year, 2005. He stated that the County’s system adjusts for age because as a building deteriorates physically there is a depreciation in value in the cost approach, so the petitioner’s comparable is not a very good comparison. Mr. Huffer stated that all commercial property within Gila County is valued by the Marshall and Swift Construction Cost Estimating System and adjusted by comparable sales. Mr. Huffer then went over the Assessor’s one comparable property, which reflects a sales price per square foot of \$89.83, while the value on the subject property is \$65.85. Mr. Huffer recommended that the full cash value of the subject property remain at

\$118,234 for the 2006 tax year. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved keeping the full cash value of the subject property at \$118,234 for the 2006 tax year.

Decision: No change. The Board of Equalization agrees with the Assessor's opinion of value based on the sale price per square foot of Assessor's property comparable within the same area.

FCV = \$118,234; LPV = \$116,844; Legal Class = 1; and, Assessment Ratio = 25%.

There being no further appeals for review, the Board adjourned the meeting at 3:20 p.m.

José M. Sanchez, Chairman

ATTEST:

Steven L. Besich, County Manager/Clerk