

IN THE OREGON TAX COURT
MAGISTRATE DIVISION
Property Tax

CAROLE L. MYERS,)
)
 Plaintiff,) No. 000992F
)
 v.)
)
 TILLAMOOK COUNTY ASSESSOR,)
)
 Defendant.) **DECISION**

This matter is before the court on the Plaintiff's appeal of her omitted property assessment for tax years 1995-96 through 1999-00. A telephone trial was held on October 23, 2001. Carole Myers and Kenneth Myers, the Plaintiff's husband, appeared for the Plaintiff. Linda Rodriguez, Appraiser, appeared for the Defendant. The property is identified in Tillamook County tax records as Account No. 175964.

STATEMENT OF FACTS

The omitted property in question is variously described as a hobby stable and as a three stall horse barn. Regardless of the terminology, it is a 28 by 60 foot structure set on a concrete foundation, with electrical service. It has T-111 siding and a gable roof. It has box stalls and feed boxes. The stall areas have a dirt floor; the tack and feed room floor is a concrete slab. The Defendant was unaware of the structure's existence until Ms. Rodriguez conducted a physical reappraisal of the entire property in November 1999. From the pictures submitted by the Defendant, the structure appeared to be well-maintained.

The Defendant valued the property using the Department of Revenue's 1987 Farm Factor book. It then multiplied that figure by 1.3, the local cost modifier, to arrive at a figure of \$29,375 for a replacement cost new. Ms. Rodriguez then determined,

based on her experience with other farm properties, that the structure had 75% of its useful life remaining. This resulted in a depreciated value for the structure of \$22,031. In 1998, a trend of two percent was applied to farm buildings. The real market values for the years in question were as follows:

<u>Tax Year</u>	<u>Real Market Value</u>
1995-96	\$22,031
1996-97	\$22,031
1997-98	\$22,031
1998-99	\$22,471
1999-00	\$22,471

The structure was on the property when the Plaintiff purchased the property in 1991. Mr. Myers testified that the structure has plywood siding and the roof leaks. The Plaintiff's best information indicates that the structure is 25 years old. At best, she estimated that the structure would have a useful life of 40 years. She estimated a more realistic useful life of 25 years. She submitted an estimate of \$17,498.41 to build a very similar structure. Calculating that the structure had used 25 of its expected 40 years of useful life, she reduced the estimate by 62.5% to reflect the age of the structure, arriving at an estimated real market value of \$6,561.90. The Plaintiff believes that the real market value should be no greater than \$8,700 to \$11,000.

The estimate submitted by the Plaintiff was from Bennett Barns, Inc. in Tuscon, Arizona. There were no adjustments made for any potential cost differences in constructing the structure in Tillamook County instead of Arizona. Additionally, the estimate did not include any costs for the foundation, site preparation or electric service at the structure.

COURT'S ANALYSIS

In any proceeding before the Magistrate Division, the party seeking affirmative relief bears the burden of proof. ORS 305.427 (2001). In this case, the Plaintiff is seeking a reduction in real market value from \$22,031 to \$6,561.90 but no more than \$11,000. To that end the Plaintiff submitted an estimate for replacing the structure to support her asserted value. She reduced the replacement cost by 62.5% to coincide with her view that the structure was 25 years old with a maximum estimated useful life of 40 years. The court has a number of concerns with the estimate. As noted above, the estimate was to construct a similar structure in Arizona. It contained no modifier for the cost of materials and labor in Tillamook County. Additionally, the estimate did not include the costs for the foundation, any site preparation or electric service at the structure.

The Plaintiff also appears to have confused depreciation for accounting purposes with depreciation for appraisal purposes. For example, a piece of equipment that cost \$700 may have an estimated useful life of seven years. Assuming straight-line depreciation, each year one-seventh of the equipment's cost, or \$100 will be depreciated for accounting purposes. At the end of seven years the equipment will have a zero value for accounting purposes. However, if the equipment has been well-maintained, it may still be worth a substantial amount. Continuing the example, someone appraising the equipment may say that it is worth \$525. This would be analogous to saying that 75% of the equipment's useful life remains. In estimating the structure's value, the Plaintiff depreciated the property for accounting purposes while the Defendant correctly depreciated the property for appraisal purposes.

CONCLUSION

For the reasons stated above, the court was not persuaded by the Plaintiff's estimate. The Plaintiff did not meet her burden of proof. Now, therefore,

IT IS THE DECISION OF THIS COURT that the Plaintiff's appeal is denied.

Dated this _____ day of April, 2002.

SALLY L. KIMSEY
MAGISTRATE

IF YOU WANT TO APPEAL THIS DECISION, FILE A COMPLAINT IN THE REGULAR DIVISION OF THE OREGON TAX COURT, FOURTH FLOOR, 1241 STATE ST., SALEM, OR 97301-2563. YOUR COMPLAINT MUST BE SUBMITTED WITHIN 60 DAYS AFTER THE DATE OF THE DECISION OR THIS DECISION BECOMES FINAL AND CANNOT BE CHANGED.

THIS DOCUMENT WAS SIGNED BY MAGISTRATE SALLY L. KIMSEY ON APRIL 26, 2002. THE COURT FILED THIS DOCUMENT ON APRIL 26, 2002.