

IN THE OREGON TAX COURT  
MAGISTRATE DIVISION  
Property Tax

JAMES WIGGINS	)	
and ADELE COOKE,	)	
	)	
Plaintiffs,	)	TC-MD 040152A
	)	
v.	)	
	)	
LINCOLN COUNTY ASSESSOR,	)	
	)	
Defendant.	)	<b>DECISION</b>

James Wiggins and Adele Cooke appealed the assessment of their home, a residence identified as Account R405248, for the 2003-04 tax year. A trial was held July 22, 2004. Plaintiffs appeared and made their arguments. Lincoln County participated through Dan Christianson, of its staff.

I. STATEMENT OF FACTS

The posture of this case changed over time. Plaintiffs came to the court alleging that the value of their land and house was \$700,000. When the court pointed out that the subject property's assessed value<sup>1</sup> is \$674,210, a number lower than their requested value, Plaintiffs modified their pleading. Plaintiffs now present their case as one in which the exception value for their property is too high. The exception value set by Defendant was \$328,770. That figure was lowered by the board of property tax appeals (the board) to \$101,740. Plaintiffs assert there should be no exception value for the 2003-04 tax year. Defendant noted the exception value of the property for the 2002-03 tax year was \$136,540.

Photos of the house show considerable remodeling and landscaping done from March 2002 through January 2004. A garage with its work area was added, along with a

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<sup>1</sup> The value from which Plaintiffs' tax burden is calculated.

walk-in closet, carport, revised entry, retaining wall, driveway, and water feature. Plaintiffs reason that they made improvements to the property in 2001-02 and 2002-03, at a cost of \$137,688 and \$41,392, respectively. Attention was also devoted to the classification of the improvements, with Plaintiffs reasoning that more of the home should be categorized as a Class 5 rather than Classes 6 or 7. Plaintiff also stressed the depreciation rate and schedule should be revised, along with the replacement cost new and the added on-site developments.

## II. ANALYSIS

Plaintiffs devoted a great deal of time, and sincerity, to the appeal of their property taxes. In the course of making this decision, the court carefully examined the record they built. The conclusion that follows is there has been no showing that the taxes placed upon their home are in error.

The place to begin is with an observation. The assessor's records for this property, like all improved properties, contain a long series of entries. Some entries, as to some properties, are important. Those same entries, as to different properties, may have no effect on the taxes due. That is not because the assessor approaches his duties in a haphazard fashion, but because the characteristics that define the amount of taxes to be paid differ from property to property.

Plaintiffs, in their review of the assessor's records, find much to dispute. However, not all that they disputed has an effect on the taxes that they pay. The key points in this case are the maximum assessed value of the property, its assessed value, and the exception value. Although Plaintiffs may disagree with Defendant's choices as to class, depreciation rates and schedules, and replacement cost new, those matters are not determinative of Plaintiffs' tax burden.

What matters in terms of Plaintiffs' tax burden is the assessed value of the property and the increases to assessed value that are permitted due to remodeling and other improvements to the property. Plaintiffs remodeled their home and, as a consequence, their taxes have to increase.

What this case comes down to is Plaintiffs' reasoning that the increases, known as exception value, are too high, against Defendant's point that the reduction ordered by the board was sufficient.

With that focus, Plaintiffs present their remodeling costs to be \$137,688 for the 2002-03 tax year and \$41,392 for the 2003-04 tax year. From that, they reason that the exception value of \$136,540 added by Defendant for 2002-03 was enough, and that the exception value found by the board for the 2003-04 tax year, \$101,740, was too much.

There are two particular problems with Plaintiffs' reasoning. The first problem is that the calendar year, assessment year, and assessment date all enter into this matter. The assessment date is January 1. ORS 308.007(2)(a).<sup>2</sup> That is the specific point that captures all the changes made to a property. Plaintiffs' argument that exception values could not increase from one year to another because the previous year's exception value captured all the changes depends upon a showing of what the condition of the property was on January 1 of each year. That was not done. In fact, the bulk of Plaintiffs' evidence, showing dramatic changes to the property after March 2002, support the conclusion that a large exception value should be captured on January 1, 2003, for the 2003-04 tax year. That is contrary to Plaintiffs' point that there should be no exception value for the 2003-04 tax year.

The second problem with Plaintiffs' argument is that it looks exclusively to their expenses. How much Plaintiffs spent to remodel their house is important. However, that information is not the test. The test is the value added to the house as a result of those expenditures. Plaintiffs did much to improve their property, redoing the garage and adding carports, closets, and water features. Defendant reasons that the \$180,000 Plaintiffs spent remodeling the property over two years caused the value of the property to increase \$240,000.

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<sup>2</sup> All references to the Revised Oregon Statutes (ORS) are to 2003.

Although the court cannot say, with absolute certainty, that is true as a matter of fact, the court is positive that Plaintiffs did not show it was not true. That is what Plaintiffs had to do to prevail in this appeal.

As a final note, a test of reasonableness is in order. After purchasing the home and remodeling it, Plaintiffs, even with the addition of exception value, are taxed on an assessed value less than their most recent appraisal. That is what Measure 50 was intended to accomplish, and that is what happened in Plaintiffs' case.

### III. CONCLUSION

Plaintiffs have not demonstrated that they were excessively taxed for the 2003-04 tax year. Now, therefore,

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

Dated this \_\_\_\_\_ day of October 2004.

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SCOT A. SIDERAS  
MAGISTRATE

**IF YOU WANT TO APPEAL THIS DECISION, FILE A COMPLAINT IN THE REGULAR DIVISION OF THE OREGON TAX COURT, BY MAILING TO: 1163 STATE STREET, SALEM, OR 97301-2563; OR BY HAND DELIVERY TO: FOURTH FLOOR, 1241 STATE STREET, SALEM, OR. 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 SCOT A. SIDERAS ON OCTOBER 29, 2004. THE COURT FILED AND ENTERED THIS DOCUMENT OCTOBER 29, 2004.