

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2021-074-00076C

Parcel No. 641010009000

Heath Sabin (Small Town Campground, LLC),

Appellant,

vs.

Palo Alto County Board of Review,

Appellee.

Introduction

The appeal came on for consideration before the Property Assessment Appeal Board (PAAB) on September 27, 2021. Heath Sabin, an owner of Small Town Campground, LLC, was self-represented. Palo Alto County Attorney Peter Hart represented the Board of Review.

Small Town Campground, LLC (STC) owns a manufactured home park, operated as an RV Park, located at 113 Miller Street, Mallard, Iowa. Its January 1, 2021, assessment was set at \$85,590, allocated as \$31,640 in land value and \$53,950 in improvement value. (Ex. A).

Sabin petitioned the Board of Review asserting an error in the assessment and listing “building value” as the error. Iowa Code §§ 441.37(1)(a)(1)(d) (2021). (Ex. C). The Board of Review denied the petition. (Ex. B).

Sabin then appealed to PAAB marking the box indicating the assessment is not equitable as compared with the assessments of other like property; and providing a plain statement that the property is assessed for more than the value authorized by law. Iowa Code §§ 441.37(1)(a)(1)(a & b) (2021). At hearing, Sabin confirmed he is claiming the subject property is over assessed. § 441.37(1)(a)(1)(b).

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

Findings of Fact

The subject property is a 6.82-acre site that was previously a row-cropped field. In 2019, it was improved with 48 hook-ups for an RV park which each consist of gravel pads, sewer, water, and electrical. The improvements are listed in poor condition with a 5+00 grade (below-average quality), and have 13% physical depreciation and 75% functional obsolescence applied to the assessment. (Ex. A).

Heath Sabin testified on behalf of STC. Sabin is a co-owner of STC and also has an RV dealership and mobile repair service across the street from the subject property. For several years, Sabin had been asked by construction workers, who are installing a nearby wind farm, if he would develop a site for their RVs. As a result, Sabin collaborated with his father-in-law, Virgil, to develop some vacated crop ground into a minimalistic RV site. Prior to development of the subject site, it had been row-cropped before being put into a conservation reserve program (CRP). The CRP had expired prior to the development of STC.

Virgil and Sabin are equal partners in STC. Sabin explained that Virgil owns the land and Sabin paid for the infrastructure. Virgil and Sabin agreed, that for investment purposes, the land had a value of \$60,000. Sabin then agreed to invest the first \$60,000 for improving the 48 pads before splitting any remaining expenses 50/50 with Virgil.

Since STC was developed, it had an income of \$20,000 in one year, but this last year saw a steep decline with only six pads occupied because the windmill and road construction in Palo Alto county are near complete. Sabin testified the pads are rented for \$20 per day or \$550 per month.

Sabin testified he obtained a loan for \$92,800, which included the value of the land and expenses for the development including the excavation, rock, electrical, water, sewer, hydrants, and pedestals. In comparison, the Board of Review noted the total assessed value for the subject property is \$85,590. Sabin questioned if the assessed value was supposed to be 100% of the actual market value.

Based on a conversation with County Assessor Lois Naig, Sabin believes he is being compared to a campground located in Emmetsburg that is superior to his rudimentary RV field. He testified that the Emmetsburg campground has a lake, concrete pads, cabins, and playgrounds. He asserts Emmetsburg, which is a much larger community than Mallard, has put “hundreds of thousands of dollars” into their campground. Sabin acknowledged that Naig listed the subject property “at the lowest level possible.” As previously noted, the subject improvements are listed in poor condition with a 5+00 grade (below-average quality). Moreover, the Board of Review noted a 75% obsolescence was applied to the assessment. Sabin was critical of the 75% obsolescence adjustment if it is applied to the cost of a higher quality facility like Emmetsburg. We note the record contains no other information about this Emmetsburg campground.

Based on Sabin’s testimony, his actual improvement costs were at least \$60,000, or \$1250¹ per pad. Comparatively, the assessment reflects a cost new of \$6800 per

¹ \$60,000 improvement investment / 48 pads = \$1250.

pad. (Ex. A, p. 3). After applying a grade multiplier (quality), depreciation, obsolescence, and location (map factor) adjustments the assessed value per pad is \$1124.²

The Board of Review did not call any witnesses.

Analysis & Conclusions of Law

Sabin contends the subject property is over assessed as provided under Iowa Code section 441.37(1)(a)(1)(b).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted).

Under Iowa law, there is no presumption that the assessed value is correct. § 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted). To shift the burden, the taxpayer must "offer[] competent evidence that the market value of the property is different than the market value determined by the assessor." Iowa Code § 441.21(3). To be competent evidence, it must "comply with the statutory scheme for property valuation for tax assessment purposes." *Soifer*, 759 N.W.2d at 782.

Except as otherwise provided, property is to be assessed at 100% of its actual value.³ Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* The sales comparison method is the preferred method for valuing property under Iowa law. *Compiano*, 771 N.W.2d at 398; *Soifer*, 759 N.W.2d at 779; *Heritage Cablevision v. Bd. of Review of Mason City*,

² 48 pads X \$6800 = \$326,400 X 0.80 Grade Multiplier (Quality) X 0.87 physical depreciation X 0.25 obsolescence X 0.95 Map Factor = \$53,950 / 48 = \$1124 per pad

³ Other provisions of Iowa Code section 441.21 require the department of revenue to equalize or rollback the assessments of commercial properties to 90% of actual value, and it is the equalized value which is used for the calculation of property taxes. But, when the Assessor determines the assessment, section 441.21 dictates it should be equivalent to 100% of the property's actual market value.

457 N.W.2d 594, 597 (Iowa 1990). If sales cannot reliably establish the property's value, then other factors, such as the cost and income approaches, can be considered. § 441.21(2).

Sabin has not submitted an appraisal, a realtor's market analysis, or any recent comparable sales adjusted for differences to support the subject's market value as of January 1, 2021. In the absence of any sales, let alone sales of similar RV parks, we find the cost estimates provided do not support a conclusion the subject's assessment is excessive. Sabin's testimony indicated his cost new, per pad, was at least \$1250. The depreciated assessed value of the subject improvement is \$1124 per pad. Sabin's own cost estimates suggest the improvements are assessed for less than the market value. Additionally, Sabin's testimony indicated the overall costs for the project were roughly \$90,000, which is more than the current assessment.

Viewing the record as a whole, we find Sabin has failed to prove his claim.

Order

PAAB HEREBY AFFIRMS the Palo Alto County Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A (2021).



Karen Oberman, Board Member



Elizabeth Goodman, Board Member



Dennis Loll, Board Member

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Palo Alto County Board of Review by eFile