

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Worldcolor (USA), LLC,

Petitioner-Appellant,

v.

Carroll County Board of Review,

Respondent-Appellee.

ORDER

**Docket No. 10-14-0306
Parcel No. 07-30-200-012**

On August 2, 2011, the above captioned appeal came on for hearing before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. The Appellant Worldcolor (USA), LLC, (Worldcolor) was represented by Donald Lippert, Jr., a Senior Manager of Property Tax Services with Grant Thornton, LLP. The Carroll County Board of Review designated County Attorney John Werden as its legal representative. The Appeal Board having reviewed the record, heard the testimony, and being fully advised, finds:

Findings of Fact

Worldcolor is the owner of an industrially classified property located at 217 Griffith Road, Carroll, Iowa. The property is a steel-frame warehouse facility, built in 1985 and 1995, and has 59,040 square-feet of gross building area, which includes 9360 square-feet of office area. Other improvements include 55,000 square-feet of concrete paving. The site is 5.44 acres.

Worldcolor protested to the Carroll County Board of Review regarding the January 1, 2010, assessment of \$1,072,520, allocated as \$67,200 in land value and \$1,005,320 in improvement value. The January 1, 2010, assessment did not change from the prior year's assessment.

Worldcolor's petition to the Board of Review was on the single ground that the property was assessed for more than authorized by law under Iowa Code section 441.37(1)(b). Worldcolor asserted the correct total value of its property was \$430,000. At hearing, Chris Bischoff of Grant Thompson asserted the initial request of \$430,000 was low and that a range of \$590,000 to \$690,000 was more appropriate based upon documents he had forwarded to the Board of Review.

The Board of Review acted twice on Worldcolor's petition. Its first decision denied Worldcolor's petition citing in part that it did "not have jurisdiction to hear any ground of protest other than downward change in value." However, the Board of Review acted a second time on the same day, on the same property, and as a result of the same information granted partial relief. The second notice to the property owner indicates that "on its own initiative the Board reviewed the information presented and adjusted the value," reducing the total assessment to \$900,000 allocated as \$67,200 in land value and \$832,800 in improvement value. It is unclear to this Board why two decision notices were sent.

Worldcolor then reasserted its claim of over-assessment to this Board and added a claim that there has been a change downward in value since the last assessment under sections 441.37(1) and 441.35(3). Because the Board of Review changed the value of Worldcolor's property and by their own acknowledgment only have jurisdiction to hear the ground of change in value in a non-assessment year, we find the Board acquiesced to the ground that there has been a change in value, and will therefore consider this claim. See *Security Mut. Ins. Assn' v. Bd. of Review of City of Ft. Dodge*, 467 N.W.2d 301, 305 (Iowa Ct. App. 1991); *White v. Bd. of Review of Carroll County*, 244 N.W.2d 765,769 (Iowa 1976). The claim of over-assessed is not available because January 1, 2010, was a not a re-assessment year for Worldcolor.

Worldcolor developed an income approach and a comparable sales approach to value. It submitted these analyses to the Board of Review. The income approach values the subject property as

of January 1, 2010, and uses an annual rent per-square-foot of \$2.00 based upon the actual subject rent rate from an active listing of the subject property in early 2010. We note the rent rate considered is effective after the January 1, 2010, assessment and may not necessarily reflect the rates prior to the January 1, 2010, assessment date; however, we also note it is undisputed by the Carroll County Board of Review. Worldcolor applies a 10% vacancy rate and considers \$15,941 for total expenses (management fees/replacement reserves). It does not provide evidence to support either the vacancy rate or expenses, but again, this information is undisputed. Lastly, Worldcolor applies an 11.94% capitalization rate which it arrives at using the national warehouse market table from Korpacz, a national real estate survey. Korpacz reports the capitalization rate from the fourth quarter 2009 is an 8.8% Overall Rate (OAR). Worldcolor then loads this with a property tax rate of 3.14%. Worldcolor concludes an opinion of fair market value by the income approach of \$690,000.

Worldcolor also develops the sales comparison approach to value and includes five properties for comparison. Three of the five properties are located in Carroll, Iowa, similar to the subject property; one property is located in Manson, Iowa; and the final property is located in Des Moines, Iowa. Only two of the five properties sold, with the remaining three noted as active or expired listings.

Comparables 1, 2, and 3, are all active or expired listings. After adjustments for differences such as location, size, economic characteristics, and use, these three properties indicate an adjusted unit price of \$10 to \$12 per square foot. While active or expired listing can be considered and typically set the upper end of a value range, we do not find them as persuasive as sales of similar properties.

Comparables 4 and 5 are both sales. Comparable 4 is located at 843 E Plaza Drive, Carroll, it and sold in February 2008, for \$1,100,000. Worldcolor reports this sale as being a community shopping center compared to the subject's property type being a warehouse facility. Comparable 4 had an unadjusted price per square foot of \$28. After adjustments it indicates a price of \$15 per square foot.

Comparable 5 is located at 1917 Dean Avenue, Des Moines, and it sold in December 2009 for \$1,700,000. This property is an industrial warehouse and had an unadjusted price per square foot of \$17. After adjustments it indicates a price of \$14 per square foot.

The overall adjusted price per square foot indicated ranges from \$10 to \$15. Worldcolor estimated a price per square foot of \$12 based upon this analysis and concludes a value of \$709,000 for the subject property by the sales comparison approach. Worldcolor does not reconcile the two developed approaches which indicate a range of \$690,000 to \$709,000. While neither opinion is supported with narrative explanation or support, neither has been refuted. What has been provided is considered to be reasonable, and this Board considers a value of \$700,000 from this range as of January 1, 2010.

However, Worldcolor does not provide a value opinion as of January 1, 2009. Both values are required to support a claim of change in value.

The Board of Review did not offer any evidence.

Given the evidence presented, we are persuaded that the subject property's January 1, 2010, assessment is greater than market value and as such, the assessor may want to review this property and its assessment. However, the only claim before this Board that can be considered in an interim year is change in value which requires the taxpayer must show a change in value from one year to the next; the beginning and final valuation. Worldcolor only presented evidence in support of the final valuation and fails to provide support for the beginning valuation. Both the 2009 and 2010 values are necessary to support a claim of change in value.

Based upon the foregoing, we find insufficient evidence has been presented to support a claim of downward change in value.

Conclusions of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2011). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or additional evidence may be introduced. *Id.* The Appeal Board 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 that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. *Id.* "Market value" essentially is defined as the value established in an arm's-length sale of the property. § 441.21(1)(b). Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available, "other factors" may be considered in arriving at market value. § 441.21(2). The assessed value of the property "shall be one hundred percent of its actual value." § 441.21(1)(a).

In a non-reassessment or "interim" year, when the value of the property has not changed, a taxpayer may challenge its assessment on the basis that there has been a downward trend in value. *Eagle Food Ctrs., Inc. v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 862 (Iowa 1993). The last unnumbered paragraph of Iowa Code section 441.37(1) and its reference to section 441.35(3) give rise to the claim of downward trend in value. For a taxpayer to be successful in its claim of change in value, the taxpayer must show a change in value from one year to the next; the beginning

and final valuation. *Equitable Life Ins. Co. of Iowa v. Bd. of Review of the City of Des Moines*, 252 N.W.2d 449, 450 (Iowa 1997). The assessed value cannot be used for this purpose. *Id.* Essentially, it is not enough for a taxpayer to prove the last regular assessment was wrong; such a showing would be sufficient only in a year of regular assessment. *Id.* at 451. While Worldcolor provided support for a January 1, 2010, market value it did not provide sufficient evidence supporting the January 1, 2009, market value. Both the 2009 and 2010 values are required in an interim year to support a claim of change in value.

THE APPEAL BOARD ORDERS the assessment of Worldcolor's property located at 217 Griffith Road, Carroll, Iowa, of \$900,000 as of January 1, 2010, set by the Carroll County Board of Review, is affirmed.

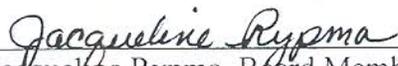
Dated this 1 day of September, 2011



Karen Oberman, Presiding Officer



Richard Stradley, Board Chair



Jacqueline Rypma, Board Member

Cc:

Donald Lippert
Grant Thornton, LLP
175 W Jackson Boulevard
Chicago, Illinois 60604
REPRESENTATIVE FOR APPELLANT

John Werden
Carroll County Attorney
225 E 7th Street
Carroll, Iowa 51401
ATTORNEY FOR APPELLEE

Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>9-1</u> , 2011	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	