

Westlaw

Page 1

1984 WL 2000

(Cite as: 1984 WL 2000 (Minn.Tax))

Only the Westlaw citation is currently available.

ANDUM

Minnesota Tax Court,
Ninth Judicial District, Itasca County, Regular Division.

James H. Henrichsen and Michele C. Henrichsen,
Petitioners,

v.

County of Itasca, Respondent.

File No. 31C83-0545

31C83-0545

February 9, 1984

The above entitled matter, having been transferred by the District Court to the Tax Court, came on for hearing at the Itasca County Courthouse, **Grand Rapids**, Minnesota, on August 31, 1983, before the Honorable John Knapp, Chief Judge of the Minnesota Tax Court.

James H. Henrichsen, appeared Pro Se and as Attorney for the Petitioners.

John P. Dimich, County Attorney, appeared for Respondent.

Files No. 0545 and 0546 were combined for trial but not consolidated. File No. 0545 covers the duplex and File No. 0546 covers the triplex.

*1 SYLLABUS:

On an appeal from the valuation of property for assessment purposes, a recent sale of the subject property adjusted for cash equivalency is the best evidence of market value.

The Court, having heard and considered the evidence adduced at trial, having reviewed the files and records herein and being fully advised in the premises, now makes the following:

FINDINGS OF FACT, CONCLUSIONS OF LAW,
ORDER FOR JUDGMENT AND MEMOR-

FINDINGS OF FACT

John Knapp, Chief Judge

1. Petitioners have sufficient interest in the property to maintain their petition; all statutory and jurisdictional requirements have been complied with, and the Court has jurisdiction over the subject matter of the action and parties hereto.

2. The subject property is residential property in the City of **Grand Rapids**, Minnesota, and described as follows:

Lot 10, plat of Winter Hills (Property ID No. 224 240 500 100)

3. The property consists of essentially a small duplex residence located in Winter Hills Addition to the City of **Grand Rapids**.

4. The taxes at issue are the real estate taxes on the subject property payable in 1983, which Petitioners claim were assessed at a value greater than its actual or market value.

5. The assessment date in question is January 2, 1982.

6. The property was purchased by the Petitioners on September 15, 1982, on a Contract for Deed for \$24,500.

7. The assessor's estimated market value as of January 2, 1982, was \$40,700.

8. The subject property had a market value of \$24,500 as of January 2, 1982.

9. Other residential property in Itasca County and **Grand Rapids** were valued at approximately 91% of market value during the period in question.

Westlaw Delivery Summary Report for HAHN-CORDES,LISA

Your Search:	"grand rapids"
Date/Time of Request:	Friday, November 19, 2010 07:29 Central
Client Identifier:	MINEAPOLIS
Database:	MNTX-TCT
Citation Text:	1984 WL 2000
Lines:	129
Documents:	1
Images:	0

The material accompanying this summary is subject to copyright. Usage is governed by contract with Thomson Reuters, West and their affiliates.

1984 WL 2000
(Cite as: 1984 WL 2000 (Minn.Tax))

10. The attached Memorandum is made a part of these Findings of Fact.

CONCLUSIONS OF LAW

1. The market value of \$24,500 determined by the Court is equalized with other property by applying a 91% ratio.

2. The assessor's estimated market value (EMV) as of January 2, 1982, for taxes payable in 1983 is, therefore, reduced from \$40,700 to \$22,295.

3. Real estate taxes due and payable in 1983 should be recomputed accordingly and refunds, if any, paid to Petitioners as required by such computation, together with interest from the date of original payment.

LET JUDGMENT BE ENTERED ACCORDINGLY. A STAY OF 15 DAYS IS HEREBY ORDERED.

MEMORANDUM

Petitioners challenge the 1982 valuation of \$40,700 placed on the subject property by the Itasca County Assessor. We find the proper estimated market value to be \$22,295.

Mr. Gene Malius, a salesman for United Farm Agency, testified on behalf of the Petitioners. He testified that he looked at the subject property with intent to purchase but declined to do so because the property was located in the southwestern part of the City of **Grand Rapids** near the sewer plant. He testified that the duplex was unoccupied at the time, had been empty for a year and was in bad shape.

The parties have stipulated that the deposition of Mr. Kenneth D. Nordli, a Vice-President of the First Federal Savings and Loan Association of **Grand Rapids**, may be received into evidence. On deposition he testified that First Federal Savings and Loan had owned the subject property by reason of a **forfeiture** of the prior owner in March of 1982

and sold the property to the Petitioners in September of 1982 in an arms-length transaction after having advertised the property for six months. Mr. Nordli holds an SRA designation for the Society of Real Estate Appraisers. He testified that the subject property was vacant at the time it was sold to the Petitioners; that it was unrentable because some exterior doors were broken, property was damaged and two apartments were dirty. He testified that the subject property was sold to the Petitioners on a Contract for Deed providing for payments of \$224.61 commencing November 1, 1982, and continuing until October 1, 1987.

*2 Mr. Ron Nelson, the President of the Itasca State Bank, testified on behalf of the Petitioners. He testified that he was familiar with both the properties, that he looked at them in the spring of 1982 with the prospect of buying them, but he was not interested in properties in that area. He indicated that the smell from the sewer plant was bad and that the area was the least desirable area of town. He testified that he saw the inside of the duplex, and found the carpets were in bad shape.

The best evidence of a property's market value is a recent arms-length sale for cash or its equivalent. In this case, Petitioners purchased the property on a Contract for Deed for \$24,500 eight months after the assessment date. If this sale were adjusted for time, the sale price might be increased slightly, but there was no evidence offered that indicates whether prices of residential property were increasing or decreasing during this period. If the price were adjusted for cash equivalency the sale price should be decreased slightly.

The evidence in this case fully supports the conclusion that this was an arms-length sale, even though it may have been in a depressed market. The property was on the market for a sufficient length of time.

The assessment/sales ratio study prepared by the Commissioner of Revenue for the Minnesota Tax Court shows that for sales which occurred in calendar year 1981 in the City of **Grand Rapids**, the

1984 WL 2000
(Cite as: 1984 WL 2000 (Minn.Tax))

median ratio was 82%, and that for sales which occurred in **Grand Rapids** in calendar year 1982 the ratio was 90.1%. Those ratios have not been adjusted for terms or "cash equivalency", but neither has the Contract for Deed been adjusted for terms. Because the Respondent introduced evidence to the effect that the residential sales ratio for **Grand Rapids** was 91%, we will accept that figure and equalize the sale price to that figure.

The Respondent urges the Court to consider the fact that the sale took place during a depressed market condition and urges the Court to reject the sale as an indication of value. The Respondent cites In Re Real Estate Tax Assessments of Real Property of Silver Lake Apartments, Inc. v. County of Olmsted, 295 Minn. 548, 204 N.W. 2d 415; and also cites In Re Objections and Defenses to Real Property Taxes v. State of Minnesota and County of Hennepin, 235 N.W. 2d 390. In those cases the Court held that the assessor's valuation of land is prima facie valid, and that in challenging the assessment made for real estate tax, the taxpayer has the burden of proving that the assessment is excessive. In the instant case, we find that the taxpayer has met the burden; has proven the value of the property by an arms-length sale which may have occurred in a depressed market, but there is no indication that the market will get better.

This Court has repeatedly held that a recent sale of the subject property adjusted for cash equivalency is the best evidence of the market value. Solos v. County of Dakota, File No. 95548, C.M.A. Properties v. County of Hennepin, File No. TC-1938.

Minn.Tax, 1984
Henrichsen v. County of Itasca
1984 WL 2000

END OF DOCUMENT