



Board of County Commissioners - Staff Report

Meeting Date: June 19, 2018
Submitting Dept: County Clerk

Presenter: Sherry Daigle
Subject: Lockhart Tax Appeal

Statement / Purpose:

Approval of Amended Order in Lockhart Cattle Co. 2016 Tax Appeal.

Background / Description (Pros & Cons):

The County Board of Equalization originally ruled in favor of the Landowner, Lockhart Cattle Company and against the Teton County Assessor. The Teton County Assessor appealed to the State Board of Equalization. The State Board of Equalization remanded the original 2016 county order back to the Teton County Board of Equalization on October 26, 2017. The County Board of Equalization met on January 8, 2018 and made additional findings to support their earlier decision and remanded the matter back to the Teton County Assessor. The Teton County Assessor then appealed again to the State Board of Equalization. The State Board of Equalization remanded again and sent the Amended Decision of the Teton County Board of Equalization back to the County Board of Equalization on March 22, 2018. The County Board of Equalization then met and discussed further changes to the order on the 2nd remand. The County Board of Equalization requested that the prevailing side, Lockhart, write a proposed order. Mr. Lockhart has drafted a proposed order which is attached hereto as the proposed order for the 2nd remand.

Attachments:

Proposed Second Amended Decision of Teton County Board of Equalization.

Suggested Motion:

I move to approve the second amended order as presented in the case of in Docket 2018-06, the appeal of Lockhart Cattle Company, LLC from a decision of the Teton County Assessor 2016 property valuation.

BEFORE THE COUNTY BOARD OF EQUALIZATION
FOR THE COUNTY OF TETON

IN THE MATTER OF THE APPEAL OF)
Lockhart Cattle Company, LLC)
FROM A DECISION OF THE)
TETON COUNTY ASSESSOR)
2016 PROPERTY VALUATION)

AMENDED DECISION OF TETON COUNTY BOARD OF EQUALIZATION

THIS MATTER, comes before the Teton County Board of Equalization on remand from the State Board of Equalization. Upon remand the Teton County Board of Equalization reviewed the record of the matter, including all testimony and exhibits which had been accepted into evidence. The Teton County Board of Equalization now makes the following Findings of Fact and Conclusions of Law in support their earlier Decision to remand the matter back to the Assessor:

FINDINGS OF FACTS AND CONCLUSIONS OF LAW

1. Lockhart Cattle Company, LLC ("LCC") owns a 39.1 acre property located at 2000 S. Hwy. 89, Jackson, Wyoming and more specifically described as Tract 7 of the Reconfigured Hereford Ranch (the "Property").
2. The Property's value for 2016 was determined by the County Assessor to be:
 - a. Residential Improvements \$112,095.00;
 - b. Residential Land \$750,123.00;
 - c. AG Irrigated Crop Land \$49,746.00; and
 - d. Total for 2016 \$911,964.00. Exhibit C.

3. The Property's value for 2015 was determined by the County Assessor to be:
 - a. Residential Improvements \$75,676.00;
 - b. Residential Land \$125,000.00;
 - c. AG Irrigated Crop Land \$47,941.00; and
 - d. Total for 2015 \$248,617.00. Exhibit 3.3.
4. The Assessor's valuation of the Property's Residential Land increased over \$625,000 from 2015 to 2016.
5. The increased valuation of the Residential Land corresponded with the Assessor's change from using a site valuation to an abstraction valuation for properties in Land Economic Area 0137 in which the Property is located. Exhibit A; Hearing Transcript, p. 58, ln. 14-19.
6. LCC challenged the 2016 Assessment as it relates to the valuation of the Property's Residential Land. Hearing Transcript, p. 20, ln. 1-12.
7. The Assessor designated 3 acres of the Property as Residential Land. Exhibits A, B-1 and U.
8. The designated Residential Land contains several buildings and structures used in connection with LCC's agricultural operations. Exhibit U; Hearing Transcript p. 14 - 15, ln. 21 - 19; p.15 ln. 2-12.
9. The designated Residential Land, including the improvements thereon, are not actually used for residential purposes. Id.
10. The designated Residential Land also contains corrals, pens, equipment, equipment storage and pasture which are used exclusively for agricultural purposes including, feeding, grazing and managing livestock. Id.

11. The Assessor's inclusion of this agricultural land within the boundaries of the designated Residential Land was erroneous and contributed to a significantly inflated valuation.
12. Assessor's designation of the Residential Land was based on the Wyoming Department of Revenue's ("DOR") Rules and Regulations that were in force at the time, and specifically Chapter 10, Section 3 as well as the "home site" definition in the DOR's Agricultural Appraisal Manual. Exhibits A, Q and S.
13. Chapter 10, Section 3(c) of the DOR's Rules and Regulations and the definition of "homesite" in the DOR's Agricultural Appraisal Manual directly conflicted with the statutory definition of "Agriculture purpose" set forth in W.S. § 39-13-101(viii).
14. The fact that the DOR Rules and Regulations and Agricultural Appraisal Manual directly conflicted with the State statute is further evidenced by the Legislature's recent passage of legislation that specifically includes "land used for a farmstead structure" in the definition of "Agricultural purpose."
15. The Assessor used the abstraction method of valuation to determine the value of the residential land on the Property and only one other agricultural property in all of Teton County. Hearing Transcript, p. 51-53, ln. 10-13; Exhibit A.
16. The Wyoming Constitution, Wyo. Const. Art. 15, §11(d), requires that all taxation be equal and uniform within each class of property.
17. The Property, and specifically the Residential Land, was not valued equally and uniformly with the other similarly situated properties in Teton County.

18. The Assessor's failure to use a uniform and equal appraisal method for the Property and other similarly situated properties within Teton County was erroneous and contributed to a significantly inflated valuation.
19. The Teton County Land Development Regulations governing use of the Property would prohibit the designated Residential Land from being sold as a residential parcel separate and apart from the Property and its larger agricultural portion. Hearing Transcript, p. 34, ln. 2-8; p. 35, ln. 2-4.
20. The fact that the Residential Land cannot be sold as a separate and distinct parcel materially and detrimentally effects the Residential Land's Market Value and the price a hypothetical seller of the Residential Land could obtain in an arm's length transaction. Hearing Transcript, p. 36, ln. 9-17.
21. Unlike the Property, the comparable properties used by the Assessor in valuing the Residential Land (other properties in LEA 0137) do not exist in the same regulatory environment as the Property. Hearing Transcript, p. 37-38, ln. 23-2.
22. The Assessor did not take into consideration the Property's regulatory environment when valuing the designated Residential Land. Hearing Transcript, p. 37, ln. 3-19.
23. The Assessor failure to take into consideration the regulatory environment of the Property was erroneous and contributed to a significantly inflated valuation.

THE TETON COUNTY BOARD OF EQUALIZATION HEREBY ORDERS AS FOLLOWS:

- A. This matter is remanded back to the Teton County Assessor.

B. The County Assessor should issue the new 2016 assessment taking into consideration the direction given regarding the designation of Residential Land, the valuation method, and the consideration of the regulatory environment within which the Property operates.

C. LCC may appeal the new Notice of Assessment within thirty (30) days of receipt of the new Notice of Assessment for 2016.

Dated this ____ day of _____, 2018

TETON COUNTY BOARD OF EQUALIZATION

Mark Newcomb, Chairman

Attest:

Sherry Daigle, Teton County Clerk

CERTIFICATE OF SERVICE

I hereby certify that on the ____ day of _____, 2018, I served the foregoing AMENDED DECISION AND ORDER by forwarding a true and correct copy thereof via email and in the United States Mail, postage prepaid, and properly addressed to the following:

Lockhart Cattle Co., LLC
Kelly Lockhart, Manager
P.O. Box 3157
Jackson, WY 83001
kellylockhart@me.com

Keith Gingery
Deputy Teton County Attorney
P.O. Box 4068
Jackson, WY 83001
keith@tetoncountyattorney.com

Sherry L. Daigle, Teton County Clerk