

**Order of the Thurston County
Board of Equalization**

Property Owner: RL OLYMPIA LLC

Parcel Number(s): 46830001400

Assessment Year: 2016

Petition Number: 16-0551

Having considered the evidence presented by the parties in this appeal, the Board hereby:

☒ sustains ☐ overrules the determination of the assessor.

Assessor's True and Fair Value Determination

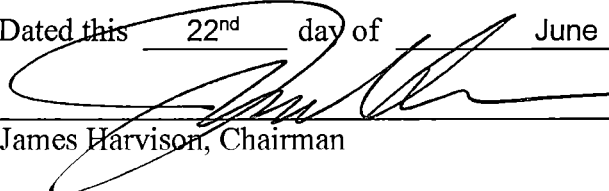
<input checked="" type="checkbox"/> Land	\$ 991,100
<input checked="" type="checkbox"/> Improvements	\$ 9,491,400
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 10,482,500

BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 991,100
<input checked="" type="checkbox"/> Improvements	\$ 9,491,400
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
TOTAL:	\$ 10,482,500

This decision is based on our finding that: The Board sustains the Assessor's determination of value based on the testimony and evidence presented. The Board relies, in a measure, on its previous reviews of the subject property. At the hearing, the Petitioner's Representative revised his requested value to \$991,100 for the land and \$6,107,400 for the improvements, for a total value of \$7,098,500. He noted that two smaller land parcels are also part of the economic unit and those assessments were not appealed. The Petitioner's Representative provided an income analysis and sales comparison approach in support of his requested value. He stated that a 3 percent reserve is used for new hotels, so a 4 percent reserve is appropriate for the subject property. The Assessor's Representative provided a market-adjusted cost approach, a sales comparison approach, and an income approach in support of the current assessed value. The Board finds that the Assessor's Cost Valuation Report on Page R6-1 applies to a different property, Parcel Number 11820230301, which is a mobile home park and irrelevant to the valuation of the subject property. The Assessor's Representative testified that the subject property has received substantial upgrades of more than \$1 million in recent years, has been rebranded to an "RL" brand hotel, and has experienced increased net return on investment as a result of these upgrades. The Petitioner's Representative stated that the Assessor's cost approach is not appropriate to use for an older hotel like the subject property, rather it is the income that will determine what an investor will pay. He argued that the Assessor's income analysis did not properly apply the corporate service charge, which is a portion of the general manager's salary that is split with another hotel location and the cost of centralized accounting functions. He stated that these types of expenses would be borne by a new owner. The Assessor's Representative contends that the sales of other Red Lion properties include special considerations and are not arms-length transactions. She argued that determining depreciation in the cost approach is no less reliable than determining capitalization rates in the income approach. The Board concludes that the Petitioner's Representative did not provide clear, cogent, and convincing evidence sufficient to overcome the Assessor's presumption of correctness and to warrant a reduction in the valuation.

Dated this 22nd day of June, 2017


James Harverson, Chairman


Ruth J. Elder, Clerk of the Board

NOTICE

This order can be appealed to the State Board of Tax Appeals by filing a notice of appeal with them at PO Box 40915, Olympia, WA 98504-0915 or at their website at bta.state.wa.us/appeal/forms.htm within thirty days of the date of mailing of this order. The Notice of Appeal form is available from either your county assessor or the State Board.

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