

# Order of the Thurston County Board of Equalization

Property Owner: **LOWE'S HIW INC.**

Parcel Number(s): 11817131902

Assessment Year: **2020**

Petition Number: 20-0079

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	\$ 5,225,300
<input checked="" type="checkbox"/> Improvements	\$ 12,360,000
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
<b>TOTAL:</b>	<b>\$ 17,585,300</b>

### **BOE True and Fair Value Determination**

<input checked="" type="checkbox"/> Land	\$ 5,225,300
<input checked="" type="checkbox"/> Improvements	\$ 12,360,000
<input type="checkbox"/> Minerals	\$ _____
<input type="checkbox"/> Personal Property	\$ _____
<b>TOTAL:</b>	<b>\$ 17,585,300</b>

This decision is based on our finding that: The Board sustains the Assessor's determination of value based on the testimony and evidence presented.

Abraham Benson of Faegre Drinker Biddle & Reath LLP represented the Petitioner Lowe's HIW Inc during the teleconference hearing. Mr. Benson reviewed the evidence that he provided including comparable sales, comparable leased properties, his income approach, and support for his capitalization rate. Mr. Benson testified that his comparable sale 2, a former Costco store, was also considered by the Assessor and indicates a discount for the sale without a lease in place. Mr. Benson revised his requested value at the hearing to \$10,990,000, or \$77 per square foot.

The Assessor was represented by Appraisal Supervisor Teresa Hoyer, who provided a written Response including a market-adjusted cost approach, a sales comparison approach, and an income approach. Ms. Hoyer reviewed the comparable sales provided by the Petitioner's Representative, noting that sale 1 was a Sears store that was closing; sales 2 and 3 were former Costco stores with deed restrictions, and sales 4, 5, 6, and 7 were older sales. Ms. Hoyer shared concerns about the analysis of rental rates presented by the Petitioner's Representative, stating that the process of loading the capitalization rates with taxes paid by the landlord during the vacancy is unorthodox and not used by professional appraisers. Ms. Hoyer objected to the use of dark store theory used by the Petitioner's Representative, which she contends has been rejected by the Washington State Board of Tax Appeals and the courts. Ms. Hoyer stated that on the January 1, 2020 assessment date, the subject property was a big box store occupied by the property owner.

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Thurston County Board of Equalization  
Petition Number 20-0079  
Lowe's HIW Inc.  
Page Two of Two

The value placed on the property by the Assessor is presumed to be correct. The Petitioner must overcome this presumption by clear, cogent, and convincing evidence. The Board does not find the unorthodox methods used by the Petitioner's Representative to be convincing. The Board concludes that the Petitioner 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 8<sup>th</sup> day of April, 2021

  
John L. Morrison, Chairman

  
Ruth J. Elder, Clerk of the Board

**NOTICE**

This order can be appealed to the State Board of Tax Appeals by filing a formal or informal appeal with them at PO Box 40915, Olympia, WA 98504-0915 or at their website at <https://bta.wa.gov> within thirty days of the date of mailing of this order. The appeal forms are available from either your county assessor or the State Board of Tax Appeals.

To ask about the availability of this publication in an alternate format for the visually impaired, please call 1-800-647-7706. Teletype (TTY) users use the Washington Relay Service by calling 711. For tax assistance, call (360) 534-1400.

**Distribution:** • Assessor • Petitioner • BOE File

REV 64 0058 (5/25/2017)

**SHIPPED MAY 21 2021**

# Order of the Thurston County Board of Equalization

Property Owner: LOWE'S HIW INC.

Parcel Number(s): 58040000100

Assessment Year: 2020

Petition Number: 20-0080

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	\$ 3,814,600
<input checked="" type="checkbox"/> Improvements	\$ 12,828,100
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
<b>TOTAL:</b>	<b>\$ 16,642,700</b>

## BOE True and Fair Value Determination

<input checked="" type="checkbox"/> Land	\$ 3,814,600
<input checked="" type="checkbox"/> Improvements	\$ 12,828,100
<input type="checkbox"/> Minerals	\$
<input type="checkbox"/> Personal Property	\$
<b>TOTAL:</b>	<b>\$ 16,642,700</b>

This decision is based on our finding that: The Board sustains the Assessor's determination of value based on the testimony and evidence presented.

Abraham Benson of Faegre Drinker Biddle & Reath LLP represented the Petitioner Lowe's HIW Inc during the teleconference hearing. Mr. Benson reviewed the evidence that he provided including comparable sales, comparable leased properties, his income approach, and support for his capitalization rate. The Petitioner's Representative reiterated his testimony from the hearing on Petition 20-0079, stating that his comparable sale 2, a former Costco store, was also considered by the Assessor and indicates a discount for the sale without a lease in place. Mr. Benson further testified that having a lease in place impacts what an investor will pay for a property and that the credit worthiness of the tenant must also be considered. Mr. Benson explained his process for loading the capitalization rate with the vacancy and collection loss rate.

The Assessor was represented by Appraisal Supervisor Teresa Hoyer, who provided a written Response including a market-adjusted cost approach, a sales comparison approach, and an income approach. Ms. Hoyer reiterated her testimony from the hearing for Petition 20-0079. Ms. Hoyer reviewed the comparable sales provided by the Petitioner's Representative, noting that sale 1 was a Sears store that was closing; sales 2 and 3 were former Costco stores with deed restrictions, and sales 4, 5, 6, and 7 were older sales. Ms. Hoyer shared concerns about the analysis of rental rates presented by the Petitioner's Representative, stating that the capitalization rate is loaded with the property tax rate not the vacancy and collection loss rate, and that this process is unorthodox and not used by professional appraisers. Ms. Hoyer objected to the use of dark store theory presented by the Petitioner's Representative, which she contends has been rejected by the Washington State Board of Tax Appeals and the courts. Ms. Hoyer stated that on the January 1, 2020 assessment date, the subject property was a big box store occupied by the property owner. Ms. Hoyer discussed the highest and best use of the subject property. Ms. Hoyer referenced her big box store table for lease information and the addendum for information on deed restrictions.

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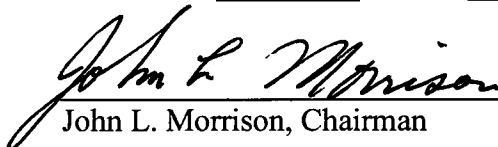
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Thurston County Board of Equalization  
Petition Number 20-0080  
Lowe's HIW Inc.  
Page Two of Two

The value placed on the property by the Assessor is presumed to be correct. The Petitioner must overcome this presumption by clear, cogent, and convincing evidence. The Board does not find the unorthodox methods used by the Petitioner's Representative to be convincing. The Board concludes that the Petitioner 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 8<sup>th</sup> day of April, 2021

  
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