

United States Postal Service

v.

Town of Canaan

Docket No. 5597-88

DECISION

A hearing in this appeal was held, as scheduled, on September 13, 1990. The appellant was represented by Joseph J. Mulvey, Realty Tax Specialist. The Town was represented by Alfred E. Ikler, Appraiser.

The tenant, U.S. postal Service, appeals by agreement with its landlord M.H. Parsons and Sons Lumber Co., under terms of the lease between the parties in effect during the 1988 tax year.

The parties stipulated that the equalization ratio in 1988 was 40%.

The appellant challenges, pursuant to RSA 76:16-a, the 1988 assessment of \$95,850 (land, \$17,550; buildings, \$78,300) for property located on Map 151A, Lot 53.

The following statement was submitted by the appellant:

"This appeal is made by the United States Postal Service. The Postal Service leases the property and is responsible for the payment of all general real estate taxes levied against the property. The Postal Service holds the owner's authorization to contest the amount or validity of any valuation for real estate tax purposes.

The assessor relied on the Cost Approach in valuing the property for assessment purposes. They relied on Marshall Valuation Service to value the improvements. However, they incorrectly applied that service resulting in the improvements being over-valued.

The assessor categorized and valued the improvements as a Governmental Building and used Section 15 of the cost service. Section 15 states "Governmental buildings include city halls, courthouses, etc., but do not include typical office or service buildings, which should be priced under the proper category in this or other sections of the manual." Section 15 page 1. Instead, the Postal Service contends the improvements should be valued using Section 14 of the cost service. Section 14 contains a category entitled "Post Offices". It state "Post Office costs are derived from costs of buildings built under lease agreements with the Post Office Department." Section 14 Page 1.

The following is a replacement cost model of the subject improvements. The costs were derived using Section 14 of the Marshall Valuation Service cost manual. The estimated full value of the property as of the 4/1/88 assessment date is:

| | |
|--------------|---------------------|
| Land | \$ 43,875.00 |
| Improvements | <u>\$ 91,560.00</u> |
| Total | \$135,435.00 |

The selectman report and the Department of Revenue Administration's 1987 Equalization Study lists the prevailing assessment ratio as 40 percent. Therefore, the fair assessed value should be:

| | |
|--------------|--------------------|
| Land | \$17,550.00 |
| Improvements | <u>\$36,624.00</u> |
| Total | \$54,174.00 |

The Board of Tax and Land Appeals board review inspector, Mr. J. Philip Estey, also found a misuse of the Marshall Valuation Service cost manual by the town (to a somewhat lesser degree).

Mr. Estey's figures were:

| | |
|----------|-----------------|
| Land | \$17,550 |
| Building | <u>\$53,800</u> |
| Total | \$71,350 |

We find the Taxpayer's value and calculation were credible. However, the Taxpayer then applied the town's 40% equalization ratio, which does not accurately reflect values as of 1978. Thus, we adopt the methodology used by Mr. Estey, and rule the correct 1988 assessment to be:

| | |
|----------|-----------------|
| Land | \$17,550 |
| Building | <u>\$53,800</u> |
| Total | \$71,350 |

If the taxes have been paid, the amount paid on the value in excess of \$71,350 is to be refunded with interest at six percent per annum from date of payment to date of refund.

SO ORDERED.

BOARD OF TAX AND LAND APPEALS

George Twigg, III, Chairman

Paul B. Franklin, Member

Ignatius MacLellan, Member

Date: November 7, 1990

I certify that copies of the within Decision have this date been mailed, postage prepaid, to E.P. Scigliano, Manager, Real Estate, representative for United States Postal Service, taxpayer; and Chairman, Selectmen of Canaan.

Michele E. LeBrun, Clerk

Date: November 7, 1990

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