BEFORE THE IDAHO BOARD OF TAX APPEALS

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| IN THE MATTER OF THE APPEAL OF J. CHARLES BLANTON from the decision of the Board of Equalization of Valley County for tax year 2006. | ) ) ) ) | APPEAL NO. 06-A-2460 **AMENDED** (clerical error) FINAL DECISION AND ORDER |

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing November 29, 2006, in Cascade, Idaho, before Board Member Lyle R. Cobbs. Board Member David E. Kinghorn participated in this decision. Appellant J. Charles Blanton appeared at hearing. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi and Appraiser Charles Pickins appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. LR19N03E223640A.

**The issue on appeal is the market value of residential improvements.**

**The decision of the Valley County Board of Equalization is modified.**

FINDINGS OF FACT

The subject assessment is for a 1959 low-quality cabin, plus water and sewer improvements located on leased land. There is no land value assessed to the tax parcel. The original 2006 assessment breaks down as follows: cabin $57,110, water and sewer $6,500, totaling $63,610. Appellant's notice of appeal requested the assessment be reduced to $5,000.

Through the appeal process, the Assessor learned that a property record on the subject cabin's age was incorrect. The corrected year built, reflecting an older property age, resulted in an additional depreciation allowance and the following parcel values: cabin $47,460, water and sewer $6,500, totaling $53,960. Respondent asked the Board to accept this amended value and to issue an appropriate order.

The cabin has a total of 1,024 square feet of living area on two levels and was surrounded in part with poor condition or zero-value decking. The Assessor graded the residence “low”, i.e. a Grade 2 on a scale of 10. The lowest Grade 1 classification was for an uninhabitable structure. The County’s graded condition was “fair”, the lowest possible classification. On a square foot comparison, the *original* assessment reflected a rate of $55.77 and the *proposed corrected* assessment, $46.35 per square foot.

No comparable sales were presented by either party from subject’s immediate area. The Assessor did describe two sales of comparable, low-grade property outside subject area. The sale improvements were classed the same as subject cabin, but the physical conditions were superior. The following related information demonstrated the Assessor’s extraction of the improvement (residual cabin) value from the sales.

| | Sale 1 | Sale 2 |
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| Sale Date | 10/2005 | 4/2006 |
| Sale Price | $119,000 | $150,000 |
| 2006 Assessed Value | $69,830 | $120,000 |
| Grade | Low (Grade 2) | Low (Grade 2) |
| Condition | Average | Average |
| Year Built | 1966 | 1987 |
| Land (assessed value) | $21,390 | $54,920 |
| Cabin Residual | $48,440 | $65,720 |
| Total Square Feet | 648 | 754 |
| Price per Square Foot | $69.85 | $87.16 |

Appellant contended the County sales were not comparable to subject cabin because they included land, but provided no alternative market information. Upon examination, the Assessor

speculated there were occasionally cabin-only sales, but reported the office had no information. Appellant argued the only proper comparable was a cabin that sold separate from the underlying land and was moved.

Respondent reported there was a demand for liveable structures in Valley County, even those that were small and in poor condition. County testimony explained that depreciation rates in the cost approach were reviewed or studied annually in light of new sales information.

Appellant focused on the history and condition of the cabin, testifying to used materials in the original construction and the presence of much deferred maintenance. Additional testimony revealed Payette Lake was visible from the cabin site. The improvements did not sit on a front-tier lot, but did enjoy lakefront beach access through a common lot. Taxpayer exhibit materials included several interior and exterior photographs of the subject cabin. Further testimony provided that two contractors opined subject cabin could not be remodeled.

## CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

The appraisal problem posed by this case is the market value of a cabin on leased ground and associated water and sewer improvements. The owner of the cabin enjoys certain rights associated with the cabin that go beyond moving it off sight. Appellant is correct when stating a cabin on leased ground is not fully similar to a cabin owned in conjunction with land – all in fee simple. The Assessor valued subject cabin using a cost approach to value, allowing depreciation in a like manner with other improvements throughout the County. Although not commenting on

the perfection of this approach, it does benefit from a certain amount of administrative ease and practicality. The statutory law is fairly silent on valuing a cabin situated like subject. The associated land and rights in land are treated under a separate assessment proposition. The Legislature has chosen not to exempt the distinctly owned improvements, but to leave them subject to the market value standard. Even if Appellant's proposition that a "removal value only" was appropriate, we find the record void of supporting evidence for a specific value. Given the dearth of removal sales or cabin-only sales on leased land, the Assessor's abstraction model using improved sales was the next best evidence of value in a sales comparison approach. Being somewhat older and in poorer condition, subject's value bore a reasonable relationship to the indicated prices of other cabins.

We are not persuaded Appellant has supported the value claim. There were no supporting calculations or detailed price or other appraisal evidence. Subject assessment did reflect the cabin's poor quality and condition with one notable exception – the actual age of the structure. A value correction was processed and made available at hearing. Respondent recommended the Board adopt the corrected value. The County's proposed value would benefit taxpayer and will be ordered by the Board.

For the reasons expressed above, the decision of the Valley County Board of Equalization will be modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease to $53,960.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those

determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 4th day of May 2007.