BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTERS OF THE APPEALS OF T & J SMITH ENTERPRISES from the decisions of the Board of Equalization of Fremont County for tax year 2006.	))))	APPEAL NOS. 06-A-2159, 06-A-2160, AND 06-A-2161 FINAL DECISION AND ORDER

RESIDENTIAL IMPROVEMENTS' VALUE APPEAL

THESE MATTERS came on for hearing January 5, 2007, in St. Anthony, Idaho, before Hearing Officer David E. Kinghorn. Board Member Lyle R. Cobbs participated in this decision. Appellant Thane W. Smith appeared for himself. Assessor Ivel Burrell and Appraiser Michael Jones appeared for Respondent Fremont County. These appeals are taken from decisions of the Fremont County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel Nos. RP00010000038AA, RP00010000021AA and RP00010000059AA.

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

The decision of the Fremont County Board of Equalization is affirmed.

FINDINGS OF FACT

Subject consists of three (3) parcels representing one residential lot. The assessed land value is $99,060, the improvements' valuation is $432,077, and other valuation is $9,560, totaling $540,697. Appellant requests the total value to be reduced to $331,340. Solely, the improvements' valuation is being disputed.

The subject property is a 2.5 acre residential lot located in Aspen Ridge Subdivision in Island Park, Idaho. A cabin with an unattached garage is situated on subject. Also attached is a pole building used as a picnic area, the value of which, is not being challenged.

Appellant received subject's $331,340 assessment in early June, then later that month received a revised $540,697 assessment. Appellant complained that only ten (10) days were

afforded to submit an appeal on the revised assessment, which limited the time available to conduct research necessary to present an effective appeal to the BOE.

Appellant disputed the 72% trend adjustment used for the assessment on the grounds it was derived from only one sale in subject's subdivision. Taxpayer provided four (4) sales in the area, including a sale in subject's subdivision. The average price increase was 25%, which Appellant argued was the more appropriate value trend to apply. Appellant questioned why only properties in subject's subdivision were trended instead of all properties in the surrounding subdivisions.

Appellant also challenged the use of the market approach method instead of the cost approach method for assessing subject.

Respondent explained the State conducted an analysis of sales in subject's area and concluded some trending adjustments were needed, resulting in the revised assessment. It was noted the ten (10) day appeal notice was per statute. The State mandated the 72% trending be applied to subject's subdivision. Respondent noted a trending adjustment was also made to an adjacent subdivision.

Respondent provided a sale in subject's subdivision for $117 per square foot. Subject was assessed for $114 per square foot. The sale in the adjacent subdivision was $125 per square foot, which was used in the trending calculation applied to that particular subdivision.

It was noted the law required value ratios to fall between 90% and 110% of sales prices. Respondent pointed out that Appellant's sales were between 93.2% and 100.5% of the 2006 assessments. As such, Respondent reasoned the sales further demonstrated the accuracy of subject's assessment because the prices fell within the acceptable range and served as the basis for arriving at subject's value.

Respondent further explained the market approach to value was appropriate in this case because recent, proximate sales were available to give an accurate picture of current market conditions in the area. Respondent said a cost approach was not proper because subject was purchased in 1996 and therefore did not reflect the current marketplace.

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.

In valuing property for the purpose of taxation, Idaho uses market value as defined in Idaho Code § 63-201(10):

> "Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant provided several sales in subject's area and argued the average price increase of these sales should have been applied to assess subject. Appellant questioned why only properties in subject's subdivision were trended instead of all properties in the general area.

Respondent said the trending rate applied to subject was the result of market data in the area and therefore, proper. Respondent stated sales indicated a trending adjustment was needed in one adjacent subdivisions. Other subdivisions in the area were in line with current market conditions so no trending was applied.

Nothing presented in this case indicates that Respondent's valuation methods were

improper. Using the market approach for valuing subject is clearly the appropriate method given the availability of current sales in the area. Sales data indicated that properties in subject's subdivision were undervalued and needed to be adjusted to reflect current market conditions. Given this, the Board has determined that subject was fairly valued. Accordingly, the decisions of the Fremont County Board of Equalization are affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Fremont County Board of Equalization concerning the subject parcel be, and the same hereby are, affirmed.

DATED this 10th day of April , 2007.