



feet in the basement, of which 1,462 square feet is finished.

Appellant questioned the recent increases in assessed values and challenged Respondent's comparable sales were not comparable to the subject property. In support of a lower assessment, Appellant provided information on the purchase of the subject property in April 2018 for approximately \$335,000. To facilitate the purchase, an independent fee appraisal was ordered. The appraisal analyzed five (5) sales and two (2) listings from 2017 and 2018. Sale No. 1 was located .1 miles from subject and sold in April 2018 for \$321,000. Sale No. 2 was located .5 miles from subject and sold in March 2018 for \$335,000. Sale No. 3 was located .13 miles from subject and sold in May 2017 for \$326,500. Sale No. 4 was located 1.01 miles from subject and sold in March 2018 for \$369,900. Sale No. 5 was located .03 miles from subject and sold in August 2017 for \$315,000. Listing No. 1 was listed for \$335,900. Listing No. 2 was listed for \$359,000. The appraisal, with an effective date of April 25, 2018, concluded subject's value to be \$333,000. The fee appraiser indicated the market in Bannock County to be stable and not inflationary.

Appellant argued that the comparables used by Respondent were of higher quality and value, thus inflating subject's assessed value. Appellant provided information on three (3) sales they felt were better representative of subject's quality and marketability. Sale No. 1 was a 3,260 square foot residence constructed in 2008 which sold on February 22, 2019 for \$347,000. Sale No. 2 was a 3,784 square foot residence constructed in 2006 which sold on May 31, 2019 for \$341,295. Sale No. 3 was a 3,238 square foot residence constructed in 2005 which sold on June 21, 2019 for \$335,000.

Appellant further questioned subject's most recent assessment increase when

compared to neighboring properties. Appellant stated the increase appeared inequitable.

Respondent provided information on ten (10) sales from subject's neighborhood to support its assessment. These sale properties were presented to demonstrate market trends in the area. Sales were located between .06 and 2 miles from subject and ranged in size from .25 to .36 acres. Sale properties were improved with dwellings constructed between 1999 and 2007 and ranged in size from 2,996 to 3,530 square feet. Sale prices ranged from \$321,000 to \$369,900. Respondent adjusted sale prices for time of sale and location, resulting in value indications from \$350,270 to \$396,824.

Respondent selected three (3) sales from these ten (10) to directly compare to subject. Sale No. 1 was a .28 acre lot located .16 miles from subject which sold on April 13, 2018 for \$321,000. The property was improved with a 3,292 square foot dwelling constructed in 2007. Sale No. 2 was a .31 acre lot located .06 miles from subject which sold on July 3, 2018 for \$369,900. The property was improved with a 3,196 square foot dwelling constructed in 2007. Sale No. 3 was a .31 acre lot located .09 miles from subject which sold on May 25, 2018 for \$365,000. The property was improved with a 3,398 square foot residence constructed in 2006. Respondent first applied time adjustments to bring sale prices relevant to the January 1, 2019 lien date. Next, Respondent directly compared the properties to subject and applied additional adjustments for any differences in property characteristics. After all appraisal adjustments, Respondent concluded value indications ranging from \$374,119 to \$421,542, or roughly \$125 to \$141 per square foot. In comparison, subject is valued at \$364,968, or roughly \$122 per square foot.

## 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 in fee simple interest, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2019 in this case. Market value is always estimated as of a precise point in time. Market value is defined in Idaho Code § 63-201, as,

“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.

Market value is estimated according to recognized appraisal methods and techniques. There are three (3) approaches to value: the sales comparison approach, the cost approach, and the income approach. The sales comparison approach is commonly used in the valuation of a residential property. In general terms, the approach examines recent sales of similar property and considers differences in the property characteristics between the subject and the sale properties.

Both parties developed an opinion of value utilizing the sales comparison approach. Appellant provided an independent fee appraisal in support of a lower valuation. The appraisal analyzed information on five (5) sales and two (2) listings from 2017 and 2018 and concluded subject's value to be \$333,000. While listings can be reliable indicators of market trends, they cannot be used as comparable properties, as they are not arms-length transactions.

Additionally, while the five (5) sales provided were all in close proximity to subject and were generally similar in size and utility, the Board found the appraiser failed to make any time adjustments to bring the sale prices relevant to current market conditions. The fee appraiser indicated the market in Bannock County to be stable.

Respondent provided contrary sales information, showing an inflating market with market values increasing at a rate of 6-18% annually. Respondent noted all 2018 sales in Bannock County had been adjusted at a rate of .75% per month to account for the inflationary nature of the market. Respondent further testified that if the standard time adjustment had been applied to the subject's purchase price of \$335,000 the resulting market value as of January 1, 2019 would be \$352,900. The Board found Respondent's analysis to be more reflective of actual market conditions.

Appellant provided three (3) sales they felt were better representatives of subject's quality and marketability. Sale prices ranged from \$335,000 to \$347,000. While homes appeared to be generally similar to subject in square footage and utility, all three sales occurred in 2019, well after the date of valuation, January 1, 2019. In other words, the 2019 sales were untimely for purposes of establishing a market value estimate for 2019. The 2019 sales data did not exist as of the 2019 assessment date, and such information would not have reflected the market factors a knowledgeable buyer and seller could have been aware of at the date of assessment. As such, the Board was reluctant to put much weight on Appellant's sale information. Further, the Board was remiss to find support for a reduction in assessed value when all three (3) properties were sold for higher than the value requested by Appellant.

Appellant questioned subject's 2019 assessment increase when compared to

neighboring properties, noting that the changes in values appeared to be inequitable. Respondent described for the record the inequalities in assessments due to prior administration. Many properties had stagnant values for multiple years and were not keeping up with market trends. Different qualities of homes and different neighborhoods were increased at varying percentages in an attempt to bring balance back to values. The Board understands Appellant's concerns regarding inequitable increases; however, the percentage or amount of increase is not a consideration when determining market value.

Respondent provided information on ten (10) timely sales in subject's. Respondent then selected three (3) sales for further analysis and directly compared them to the subject. These sales were well received by the Board. Sales were in close proximity to subject, .16 miles or less, and were generally similar to subject in lot size, quality of construction, gross living square footage, and effective age. After all appraisal adjustments were applied for time and differences in property characteristics, Respondent concluded value indications ranging from \$374,119 to \$421,542, or roughly \$125 to \$141 per square foot. Subject is valued at \$364,968, or roughly \$122 per square foot. All three sales indicate a market value higher than subject's 2019 assessed value. As such, the Board was strained to find evidence that subject was valued in excess of its most probable selling price.

In accordance with Idaho Code § 63-511, the burden is with the Appellant to establish Respondent's valuation is erroneous by a preponderance of the evidence. We did not find the burden of proof met in this instance. Appellant provided market information in the form of an appraisal. However, the appraisal did not properly reflect market trends from the time of purchase to the January 1, 2019 assessment date. No time adjustments were applied, and

little to no adjustments were made for differences in property characteristics. Appellant provided three (3) additional sales which were untimely for purposes of this appeal. Respondent adequately addressed market trends in their analysis and provided ten (10) timely sales in support of subject's 2019 assessment. We do not find sufficient evidence to disturb the current assessed value. As such, the decision of the Bannock County Board of Equalization is affirmed.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bannock County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 2<sup>nd</sup> day of April, 2020.