

BEFORE THE IDAHO BOARD OF TAX APPEALS

RON AND LYNNE DAUGHERTY,	)	
	)	
Appellants,	)	APPEAL NO. 19-A-1303
	)	
v.	)	FINAL DECISION
	)	AND ORDER
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Bannock County Board of Equalization denying a protest of valuation for taxing purposes on property described as Parcel No. RPRPPOC012100. The appeal concerns the 2019 tax year.

The parties stipulated to have the Board hear this matter on the documentary record without the necessity of personal appearances at hearing. The Board subsequently ordered all information and evidence be submitted by both parties, after which the record was closed. The Board now renders its decision based upon the record created. Appellants Ron and Lynne Daugherty were self-represented. County Appraiser Celeste Gunn represented Respondent.

Board Members Leland Heinrich, David Kinghorn, and Kenneth Nuhn join in issuing this decision.

**The issue on appeal concerns the market value of an improved residential property.**

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

FINDINGS OF FACT

The assessed land value is \$41,216 and the improvements' value is \$234,008, totaling \$275,224. Appellants contend the market value is \$170,000, with no detail given as to allocation between land and improvements.

The subject property is a .386 acre parcel located within the city limits of Pocatello, Idaho. The parcel is improved with a ranch style dwelling, over a basement, constructed in 1956. The

dwelling totals 3,920 square feet in size, with 1,960 square feet on the main level and 1,960 square feet in the basement, of which 1,764 square feet are finished.

Appellants expressed concern with the recent increases in assessed values along with increasing property taxes. Appellants challenged Respondent's utilization of mass appraisal techniques to set subject's assessed value. Specifically cited were concerns regarding the similarity of Respondent's comparable sales, stating the sale dwellings are newer and generally dissimilar in characteristics, and the sales are located outside of subject's neighborhood. Appellants argued no sales of similar age or other key characteristics have occurred from 1990 to current, thus creating a flawed sales comparison approach to value.

Appellants noted fifteen (15) discrepancies in subject's property characteristic record, including square footage variances, lot utilization, amount of finishing in basement and level of updating. In support of a lower assessment, Appellants provided a limited, exterior-only fee appraisal with an effective valuation date of 2007. Appellants further provided newspaper articles, emails and letters discussing taxes, levy rates, local politics and recent assessment changes.

Respondent offered sales information in support of its assessed value. Respondent analyzed three (3) residential sales, one (1) occurred during 2017, and two (2) occurred during 2018. Sales were all located within 1.6 miles of subject. Details concerning the physical attributes of the sale properties were somewhat limited, though Respondent reported the sale residences ranged in size from 2,583 square feet to 4,010 square feet and an effective age from 51 to 79 years. The sale prices ranged from \$205,378 to \$257,900. Respondent first adjusted the sale prices for time of sale. Next, each sale property was directly compared to subject, and appraisal adjustments were made for differences in property characteristics. After all adjustments,

Respondent concluded adjusted prices ranging from \$221,530 to \$253,541, or from \$59 to \$68 per square foot. The mean adjusted sale price was \$238,156. Subject is assessed at \$275,224, or roughly \$74 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 adjustments for differences in property characteristics between the subject and the sale properties.

Appellants challenged Respondent's sales comparison approach to valuation, stating the sales used are dissimilar and out of subject's neighborhood. Sales provided by Respondent were between .47 and 1.57 miles from subject, which the Board finds was relatively close in proximity.

Respondent adjusted the sales for any dissimilarity to subject, resulting in net adjustments ranging from 1% to 13%. Appraisal standards often indicate high level of sales reliability if net adjustments are 15% or less. Low adjustment percentages suggest a general level of similarity between subject and the sales.

Appellants further noted a number of discrepancies in property characteristics. The Board recognizes Appellants' concerns regarding the accuracy of subject's property characteristics. However, while Respondent's CAMA (Computer Aided Mass Appraisal) system retains a large amount of characteristic data, mass appraisal techniques utilize primary drivers of value not limited to: quality of construction, condition of dwelling, lot size, location and square footage. Respondent's explanation of the development of the 2019 assessed values, though limited, was not found to deviate from standard appraisal practice.

Appellants' market value evidence consisted of a limited, exterior-inspection-only, fee appraisal from 2007 and loan documentation from a HUD refinance. While the Board appreciates the six (6) sales evaluated in the fee appraisal, market conditions have changed substantially since 2007. As such, the twelve (12) year old value conclusion was deemed to have little bearing on the subject's 2019 market value.

Respondent initially utilized mass appraisal techniques, using recent sales to develop valuation models with the sales comparison approach. In support of subject's assessment on appeal, information on three (3) sales in subject's general area were submitted. The sale residences were generally similar to subject in terms of effective ages. Respondent adjusted the sale prices to account for differences in lot size, gross square footage and quality of construction, resulting in adjusted prices of \$221,530 to \$253,541. In comparison subject's assessed value

is \$275,224. The Board found the sales and appraisals provided by Respondent actually supported a lower value for subject's 2019 assessment.

Pursuant to Idaho Code § 63-511, the burden is with Appellant to demonstrate error in subject's assessed value by a preponderance of the evidence. We found in the record before us sufficient evidence subject's 2019 assessment was somewhat overstated. Based on the sales information and analysis in the record, the Board will reduce subject's 2019 assessed value to \$255,000. The decision of the Bannock County Board of Equalization is modified accordingly.

#### 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, MODIFIED to reflect a market value of \$255,000. The assessor's office may determine the allocation of value between land and improvements.

DATED this 30<sup>th</sup> day of March, 2020.

IDAHO BOARD OF TAX APPEALS