

BEFORE THE IDAHO BOARD OF TAX APPEALS

STEVE GALLAFENT,)	
)	
Appellant,)	APPEAL NO. 19-A-1513
)	
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 modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RPRPLT2001400. The appeal concerns the 2019 tax year.

This matter came on for telephonic hearing March 26, 2020, before Hearing Officer Cindy Pollock. Appellant Steve Gallafent was self-represented. Assessor Sheri Davies represented Respondent.

Board Members David Kinghorn, Leland Heinrich 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 \$31,050, and the improvements' value is \$130,219, totaling \$161,269. Appellant contends the total value is \$152,869, with no detail given as to allocation between land and improvements.

The subject property is a .248 acre lot located within the city limits of Pocatello, Idaho.

The lot is improved with a 2,710 square foot ranch-style dwelling constructed in 1957. The residence contains 1,355 square feet on the main floor and 1,355 square feet in the basement,

of which 1,107 square feet are finished.

Appellant questioned the recent increase in subject's 2019 assessed value and contends subject's condition and lack of updating were not taken into consideration. Appellant described subject residence as primarily original with the only updates being new paint, new carpeting and a new roof ten (10) years prior. Appellant further reported the residence's two (2) fireplaces are cosmetic only and are not functional.

Appellant contends comparable sales utilized by Respondent are all superior in condition and updating compared to subject. Appellant further noted all three (3) sales were notably smaller in square footage and had quite large adjustments.

In support of a lower assessment, Appellant presented information on three (3) sales. All three (3) occurred in 2018 and were similar to subject in lot size, dwelling square footage and effective age. Sale No. 1 was a .42 acre lot which sold on July 13, 2018 for \$140,000. The lot was improved with a 2,646 square foot dwelling constructed in 1949. Sale No. 2 was a .20 acre lot which sold on October 18, 2018 for \$157,500. The lot was improved with a 2,608 square foot dwelling constructed in 1974. Sale No. 3 was a .27 acre lot which sold on December 10, 2018 for \$159,900. The lot was improved with a 2,652 square foot dwelling constructed in 1962. Appellant directly compared sales to subject and applied adjustments for any differences in bedroom count, number of fireplaces, air conditioning, condition of dwelling, number of garage stalls, dwelling square footage and bathroom count. After adjustments, Appellant reported value indications ranging between \$146,700 and \$163,745.

Respondent likewise provided sales information in support of its assessment. Ten (10) timely sales from subject's general market area were presented to reflect current market trends

and average sale prices in subject's neighborhood. Sale lots ranged from .1469 to .287 acres in size and were located between .07 and 2.7 miles from subject. The lots were improved with dwellings constructed between 1915 and 1957 and ranged in size from 1,785 to 2,624 square feet. Sale prices ranged between \$95,000 and \$160,000. Respondent applied adjustments for time of sale and location, and resulting value indications ranged between \$96,124 and \$162,400.

Respondent selected three (3) of the ten (10) sales to compare directly to subject. Sale No. 1 was a .24 acre lot located 1.5 miles from subject which sold on September 14, 2018 for \$152,500. The lot was improved with a 1,938 square foot dwelling constructed in 1941. Sale No. 2 was a .24 acre lot located 1.7 miles from subject which sold on November 7, 2018 for \$153,000. The lot was improved with a 1,880 square foot dwelling constructed in 1933. Sale No. 3 was a .22 acre lot located .07 miles from subject which sold for \$158,900. The lot was improved with a 1,990 square foot dwelling constructed in 1957. Respondent first applied time adjustments to bring the sale prices relevant to the January 1, 2019 assessment date. Respondent next directly compared sales to subject and applied adjustments for any variation in property characteristics. After all appraisal adjustments, Respondent reported value indications ranging between \$186,649 and \$230,047, or roughly \$76 to \$83 per square foot.

Respondent described the market conditions in Bannock County as inflationary, increasing at a rate of .75% per month from 2018 to 2019. Subject's assessed value had remained relatively stagnant from 2012 until 2017 and had not been keeping pace with market changes. Respondent stated the large increase in subject's 2019 assessment was necessary to reflect its current fair market value.

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.

Appellant discussed various negative attributes of the subject dwelling, including a general lack of updating and several non-functional fireplaces. Appellant provided information on three (3) timely sales of properties that were similar to subject in lot size, dwelling square footage and effective age. Relatively minimal adjustments of 6% or less were necessary to make the sales comparable to subject. These sales were well received by the Board. However,

as described by Respondent, the market conditions in Bannock County are inflationary, and as such, time adjustments are necessary to bring sale prices relevant to the January 1, 2019 assessment date. Had Appellant applied the same time adjustment used by Respondent of .75% per month to their own sales, the resulting value indications would be approximately \$150,000 to \$165,000. These adjusted value indications were factored heavily into the Board's consideration of subject's most probable selling price.

Though Respondent's three (3) sales were all timely, there were concerns regarding the comparability of the sale residences to subject and with the associated appraisal adjustments. The sale dwellings are all substantially smaller in square footage than subject, thus necessitating rather large adjustments. Appellant described Respondent's sale properties as having many updates and being in far superior condition compared to subject. The Board was unable to see where Respondent adjusted for these variances in condition and updating. With adjusted values of \$203,047, \$191,198 and \$186,649, respectively, the Board failed to find correlation between these values and subject's assessed value of \$161,269. In the final analysis, the Board was not satisfied the subject's condition was adequately considered in the 2019 assessment.

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. Both parties provided relevant market information. Appellant provided information on three (3) timely sales that required very minimal adjustments (3% to 6%) in order to be comparable. Respondent likewise analyzed three (3) sales which required adjustments between 18% and 29% to be considered comparable. Based on the record before us, we find the burden of proof satisfied;

however, we did not find sufficient support to reduce the value to that requested by Appellant. As such, the decision of the Bannock County Board of Equalization is modified to \$155,000.

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 decrease in value to \$155,000, with \$31,050 attributable to the land, and \$123,950 to the improvements

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, 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.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 30th day of April, 2020.