

BEFORE THE IDAHO BOARD OF TAX APPEALS

ERIK HANCOCK,)	
)	
Appellant,)	APPEAL NO. 19-A-1559
)	
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. RPRPHL3001500. 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. Appellant Erik Hancock was self-represented. 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 affirmed.

FINDINGS OF FACT

The assessed land value is \$43,120, and the improvements' value is \$244,236, totaling \$287,356. Appellant contends the market value does not exceed \$237,238.

The subject property is a .247 acre parcel located in Pocatello, Idaho. The property is improved with a multi-level residence constructed in 2003. The residence totals 2,488 square feet in size, of which 2,335 square feet are finished. The property is further improved with an attached

three (3) car garage.

Appellant questioned the roughly 37% increase in the assessment of subject's improvements and the 12% increase in land value. Appellant reported no improvements to the property, and wondered how subject's assessed value could increase so much in a single year. Appellant argued the market did not support such increases, and instead proposed increases of 10% and 8% for the improvements' value and the land value, respectively.

In terms of value evidence, Appellant referenced two (2) improved residential sales from subject's immediate neighborhood that have similar qualities of interior finishes. The first was a September 2018 sale one (1) street over from subject. Appellant reported the sale lot was "slightly" smaller than subject's, but with 2,816 square feet, the residence was noted to be larger. This property sold for \$294,900, or roughly \$93 per square foot. The other sale occurred in 2019 for \$294,900, or \$91.46 per square foot. This property was improved with a 2,753 square foot residence constructed by the same builder who constructed subject's residence two (2) years later.

Respondent offered information concerning three (3) improved sales from subject's general area. Sale No. 1 was a .23 acre parcel improved with a 2,551 square foot residence with an effective age of twenty-one (21) years. The property sold in July 2017 for \$361,661. Sale No. 2 concerned a 2,205 square foot residence situated on a .27 acre parcel. This property, located roughly two (2) miles from subject, sold in May 2018 for \$335,000. Sale No. 3 was a .22 acre lot improved with a 2,996 square foot residence with an effective age of thirteen (13) years. The property sold in June 2018 for \$350,270. Respondent applied time adjustments to each sale price to reflect pricing levels on the January 1, 2019, assessment date.

Respondent next compared land and improvement assessments of the sale properties to subject's land and improvement assessments, and adjusted the respective sale prices for differences. Respondent then adjusted the sales for differences in square footage, effective age and lot size. Adjusted prices ranged from \$274,220 to \$354,768, or from about \$117 to \$152 per square foot.

Appellant challenged the comparability of the above sale residences to subject's residence. In addition to being smaller than two (2) of the sale residences, subject's interior finish was characterized as inferior to all three (3) sale residences. Interior photographs of the sale residences were provided, which depicted granite counter tops, wood flooring and other upgraded finishes. The photographs of subject's interior revealed laminate counter tops, carpet flooring, and basic finishes. In Appellant's view, Respondent's sales were not comparable and should not have been used to develop a value estimate for subject.

CONCLUSIONS OF LAW

This Board's goal in its proceedings 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 the evidence submitted by the parties in support of their respective positions, hereby enters the following conclusions.

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 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. The three (3) primary methods for determining market value include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). 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.

Both parties offered recent sales data in support of their respective value positions. Though these efforts were appreciated by the Board, there were questions concerning some of the information provided. Appellant referenced two (2) sales from subject's immediate neighborhood regarded by Appellant as similar to subject's residence in terms of interior finish. While there is no reason to doubt Appellant's characterization of the interior finish of the sale residences, nothing was offered to support the assertion, such as photographs. More concerning, however, was the lack of physical details regarding the sale properties shared, other than residence size. Without a more thorough accounting of property characteristics, the Board was strained to make meaningful comparisons between subject and Appellant's sale properties. As such, limited weight was afforded Appellant's sales data.

Respondent's sales information was more complete; however, there were questions of comparability between subject's residence and the sale residences. The sale residences were generally similar to subject in terms of size; however, as evidenced by the photographs provided by Appellant, subject's interior finish is inferior to all three (3) sale residences. The sale residences were noted to have granite counter tops and hardwood or tile flooring throughout,

whereas subject has laminate counter tops and carpet. In its analysis, Respondent made no obvious quality adjustment, which was somewhat surprising. The Board also noted a high level of gross adjustments made to the sales, roughly between 30% and 40%. Adjustments at these levels suggest a certain amount of dissimilarity between subject and the sale properties, and further serves to diminish the reliability of the value indications. Despite these concerns, the Board found Respondent's sales comparison analysis to represent the superior indication of value in this instance.

In accordance with Idaho Code § 63-511, the Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. Given the record in this case, we did not find the burden of proof satisfied. None of the sales presented by either party sold near the \$237,238 value petitioned by Appellant. Indeed, both sales offered by Appellant sold for roughly \$295,000, which exceeds subject's assessed value of \$287,356. On appeal, Respondent's sales data pointed to an even higher potential value. Weighing the value indicators, the Board found adequate support for subject's assessment.

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 31st day of March, 2020.