

BEFORE THE IDAHO BOARD OF TAX APPEALS

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| TRAVIS HOLT, |) | |
| |) | |
| Appellant, |) | APPEAL NO. 19-A-1347 |
| |) | |
| 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. RPR4057029503. The appeal concerns the 2019 tax year.

This matter came on for hearing March 18, 2020 in Pocatello, Idaho before Board Members Leland Heinrich and David Kinghorn. Appellant Travis Holt 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 affirmed.

FINDINGS OF FACT

The assessed land value is \$57,019, and the improvements' value is \$247,293, totaling \$304,312. Appellant contends the total value is \$282,000, with no detail given as to allocation between land and improvements.

The subject property is a triangular 4.03 acre rural residential parcel located in the outskirts of McCammon, Idaho. The property is improved with a 2,081 square foot single-level residence constructed in 2006. The residence also includes an attached three-car garage.

Appellant purchased the subject property in September 2017 for \$282,000. Appellant reported no improvements to the property since the purchase, so questioned how subject's original 2019 assessed value was \$355,924, which represented a roughly 33% increase over the 2018 value. Following a protest by Appellant, the Bannock County Board of Equalization (BOE) reduced subject's value to \$320,331. Subsequently, the BOE reduced the assessed value further to \$304,312. Though appreciative of the reduced value, Appellant contended subject's purchase price was the best evidence of current market value, so requested this Board reduce the assessed value accordingly.

In addition to subject's purchase, Appellant provided information obtained from a local realtor concerning three (3) rural sales. Sale No. 1 was a two-level residence constructed in 1976. The four (4) bedroom, two (2) bathroom residence included 1,092 square feet on the main level, and 1,092 finished square feet on the upper level. The property sold in August 2018 for \$190,000. Sale No. 2 concerned a 3.2 acre rural parcel improved with a 2,326 square foot single-level residence constructed in 2003. This property sold in September 2018 for \$198,000. Sale No. 3 was a 1,620 square foot single-level residence situated on a 9.07 acre parcel. This property sold in August 2018 for \$255,000. Appellant contended subject's assessed value should more closely align with the values indicated by these three (3) sales.

Appellant additionally provided the certification page from an independent fee appraisal report commissioned in connection with subject's purchase. There were no details concerning the analysis or the market data considered; however, the certification page reflected a value conclusion of \$292,000 for the subject property as of August 23, 2017.

In support of its assessment, Respondent offered a comparative analysis of three (3)

recent rural residential sales. The first sale was subject's September 2017 purchase for \$282,000. After applying a 16.01% time adjustment to reflect pricing levels on the January 1, 2019 assessment date, Respondent determined an adjusted sale price of \$326,702. Sale No. 2, located a couple miles from subject, concerned a four (4) acre parcel improved with a 2,244 square foot residence constructed in 1976. This property sold in May 2018 for \$207,500. After adjustments for date of sale, location, inferior quality, and finished living area, Respondent calculated an adjusted sale price of \$371,171. Sale No. 3 was a 2,119 square foot residence situated on a 5.71 acre parcel. The property sold in October 2018 for \$331,700. After adjusting for many of the same characteristics as Sale No. 2, Respondent determined an adjusted sale price of \$293,889. Subject's current assessed value is \$304,312.

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.

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.* The sales comparison approach is commonly used in the valuation of 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 offered several sources of information to support a reduction in subject's assessed value, including several sales and a page from an appraisal report. Concerning the latter, the Board was reluctant to rely on the value conclusion indicated on the appraisal's certification page due to the lack of supporting details. With a complete copy of the report, the Board could have better evaluated the veracity of the value conclusion.

The remaining value evidence consisted of sales provided by both parties. Though the Board appreciated the parties' efforts to offer sales in support of their respective value positions, there were questions concerning the comparability of some of the sale properties, Appellant's Sale Nos. 1 and 2 sold for \$190,000 and \$198,000. Appellant's sale residences were generally similar to subject's residence in terms of size; however, they differed notably in age and quality. With sale prices nearly \$100,000 less than subject's 2017 purchase price, the Board was strained to consider these particular sales as reliable indications of subject's current market value.

In similar fashion, the Board had concerns regarding the comparability of Respondent's Sale Nos. 2 and 3, which sold for \$207,500 and \$331,700, respectively. For purposes of comparison with subject, Respondent made gross adjustments of 87% to Sale No. 2 and 46% to Sale No. 3, excluding time adjustments, which were an additional 13.08% and 3.96%,

respectively. Respondent reported a time adjustment rate of 0.75% per month; however, the time adjustment rates applied to the sales were nearly double. In all, the Board was left with questions concerning the reliability of Respondent's analysis.

In the end, the Board found subject's 2017 sale price as the best recent indicator of subject's market value. However, because the sale occurred in 2017, it does need to be time adjusted to reflect market levels on the January 1, 2019 date of assessment. Applying Respondent's time adjustment to subject's sale price calculates to a value of roughly \$315,000. As subject's current assessed value is \$304,312, the Board did not find support for reducing subject's value.

In accordance with Idaho Code § 63-511, the burden is with the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. As detailed above, the Board did not find the burden of proof satisfied in this particular instance. Accordingly, 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 21st day of April, 2020.