

BEFORE THE IDAHO BOARD OF TAX APPEALS

DYRK AND TERRI ROGERS,)	
)	
Appellants,)	APPEAL NO. 19-A-1406
)	
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. RPR4013020500. The appeal concerns the 2019 tax year.

This matter came on for telephonic hearing March 31, 2020, before Board Member Leland Heinrich and Hearing Officer Cindy Pollock. Appellants Dyrk and Terri Rogers were self-represented. County 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 reversed.

FINDINGS OF FACT

The assessed land value is \$75,501, and the improvements' value is \$444,800, totaling \$520,301. Appellants agree with the land value, but contend the correct improvements value is \$428,432, totaling \$503,933.

The subject property is a 2.5 acre parcel located on the outskirts of Pocatello, Idaho. The property is improved with a 5,597 square foot dwelling constructed in 2005. The residence

consists of 2,632 square feet on the main level, 333 square feet on the upper floor, and 2,632 square feet in the basement, of which 1,840 square feet are finished. The property is further improved with a 58 x 40 foot detached garage and a utility shed.

Appellants questioned the recent 46% increase to subject's assessed value, stating no improvements had been made to the property in over thirteen (13) years. Appellants additionally challenged Respondent's reported square footage for subject as overstated by 280 square feet. Appellants estimate this overage would account for an approximate \$16,000 assessment error. Respondent noted this variance in square footage may be the difference of exterior to interior measurements. Respondent explained its square footage reports are based on exterior measurements, while Appellants' measurements were from the interior.

Appellants further questioned Respondent's choice of comparable sales and contend the properties were within city limits, located in nicer subdivisions, or of higher quality than subject. Appellants provided for the Board's review a report of estimated home values from Zillow.com, Realtor.com, and Homes.com for subject as well as Respondent's Sale No. 1, located at 1966 Tatonka. Appellants noted the three (3) websites report an average difference in value between the two properties of 17%.

Respondent described for the record the market conditions in Bannock County for the past several years as inflationary. From 2018 to 2019, values increased at a rate of .75% per month, or 9% annually. Respondent noted that many assessed values in Bannock County, including that of subject, had remained relatively stagnant from 2012 to 2018 and had not followed market trends. Respondent stated the 46% increase applied to subject's assessment for 2019 was necessary to bring it to current fair market value.

In support of subject's assessment, Respondent provided information on ten (10) sales from subject's general market area which occurred in 2017 and 2018. These sales were not directly compared to subject, but rather were presented to illustrate current market trends and average sale prices in subject's general neighborhood. These sales ranged in size from 1 to 6.286 acres and were located between 1 and 17 miles from subject. Properties were improved with residences constructed from 1974 to 2011 and were between 2,407 and 4,744 square feet in size. Sale prices ranged between \$323,000 and \$575,000. Respondent applied time and location adjustments to the properties, which resulted in value conclusions between \$374,669 and \$615,533.

Respondent next provided a direct comparison of subject to three (3) of the ten (10) sales referenced above. Sale No. 1 was a 3 acre property located 8 miles from subject which sold on May 21, 2018 for \$560,000. The property was improved with a 4,665 square foot dwelling constructed in 2007. Sale No. 2 was a 3 acre property located 1 mile from subject which sold on May 11, 2017 for \$481,500. The property was improved with a 4,744 square foot dwelling constructed in 2000. Sale No. 3 was a 2.8 acre property located 2.5 miles from subject which sold on March 16, 2018 for \$390,000. The property was improved with a 3,532 square foot dwelling constructed in 1986. Respondent first applied time adjustments to each sale to account for the inflationary market conditions. Next, each was directly compared to subject, and Respondent applied adjustments for variances in property characteristics. Once all appraisal adjustments were applied, Respondent reported value indications between \$547,187 and \$632,405, or roughly \$114 to \$132 per square foot. In comparison, subject is valued at \$520,301, or roughly \$108 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.

Appellants provided for the Board's consideration a comparison of subject's value to Respondent's Sale No. 1 from three (3) real estate websites. Appellants contended the same adjustment from these websites could be applied to Bannock County assessments, resulting in a near \$40,000 value reduction. While the Board understands Appellants' attempt to illustrate that Respondent's sale has a superior quality and therefore should carry a higher

assessed value, comparing values from real estate websites is not a recognized method of appraisal.

Respondent developed an opinion of value utilizing the sales comparison approach. Respondent's sales analysis was well received by the Board. The sale properties were generally similar to subject in lot size, dwelling effective age, and general proximity to subject. However, the Board was concerned with the variance in square footage reported by Appellants. Respondent reports subject's total square footage at 5,597 square feet, with 4,805 square feet finished. Appellants measured the residence and calculated it to be 5,213 total square feet, with 4,525 square feet finished. Appellants further calculated the corresponding reduction in assessment by multiplying the excess square footage by Respondent's reported dollar per square foot value, which equates to an over-valuation of nearly \$16,000. This difference correlates to the value reduction being requested by Appellants. The Board found subject's square footage was incorrect in Respondent's records.

In accordance with Idaho Code § 63-511, the burden is with the Appellants to establish Respondent's valuation is erroneous by a preponderance of the evidence. Given the evidence presented in this matter, the Board finds the burden of proof satisfied. While Respondent provided information on ten (10) sales from subject's market area, the Board was primarily concerned with the error in square footage. The Board found Appellants' calculations of subject's improvement value to be reasonable and supported. The decision of the Bannock County Board of Equalization is reversed to reflect a value of \$503,933.

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, REVERSED, to reflect a decrease in value to \$503,933, with \$75,501 attributable to the land, and \$428,4332 attributable 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 Appellants.

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 23rd day of April, 2020.