

BEFORE THE IDAHO BOARD OF TAX APPEALS

DANA SPAHR,)	
)	
Appellant,)	APPEAL NO. 19-A-1356
)	
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. RPR4013056100. The appeal concerns the 2019 tax year.

This matter came on for telephonic hearing March 30, 2020, before Board Member Leland Heinrich and Hearing Officer Cindy Pollock. Appellant Dana Spahr 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 \$66,989, and the improvements' value is \$145,234, totaling \$212,223. Appellant does not challenge subject's improvement value, but contends the land value is \$23,500, totaling \$168,734.

The subject property is a 2.19 acre rural parcel located on the outskirts of Pocatello, Idaho. The property is improved with a 2,432 square foot dwelling constructed in 1977. The 1.5-story residence consists of 896 square feet on the main floor, 640 square feet on the upper

floor, and 896 square feet in the basement, of which 200 square feet are finished. The property is further improved with a 12 x 20 foot storage building.

Appellant questioned the large increase in subject's assessment. Appellant contends the increase was too large for one year and is not supported by current market conditions. Appellant further contends the majority of subject's land is not usable and thus should not carry much value. The residence was constructed on the front of the property, and the remainder was described as a steep hillside. Respondent noted these land characteristics are typical for this type of property. In this area, the homesite acre carries the bulk of the land value, and the remaining acres carry a nominal value and are considered primarily a buffer. Respondent reported the "excess" 1.19 acres were assessed at \$28,560.

Respondent described the current market conditions in Bannock County. It was noted that, while the market has been on an incline for the past several years, assessment levels had not been keeping pace. Subject's assessed value had remained stagnant at \$131,841 from 2012 to 2017. Respondent explained subject's large value increase in 2019 was necessary to bring the assessment equal to its current fair market value.

In support of its assessment, Respondent provided information on ten (10) sales from subject's market area which occurred in 2017 and 2018. While these sales were not directly compared to subject, they were utilized to demonstrate current market trends and sale prices of similar properties. The sale properties ranged in size from 1 to 3.5 acres and were located between 4 and 20 miles from subject. The properties were improved with dwellings constructed between 1900 and 1983 that ranged in size from 1,458 to 2,444 square feet. Properties sold for between \$137,500 and \$240,000. Once adjusted for time and location, Respondent

reported value indications ranging between \$150,389 and \$274,092.

From the ten (10) neighborhood sales, Respondent selected three (3) to directly compare to subject. Sale No. 1 was a 3.13 acre improved parcel located 5 miles from subject, which sold on October 19, 2018 for \$222,900. Its 1,752 square foot dwelling was constructed in 1948. Sale No. 2 was a 1 acre improved parcel located 6 miles from subject, which sold on April 28, 2017 for \$203,000. Its 2,144 square foot residence was constructed in 1977. Sale No. 3 was a 3.47 acre improved parcel located 18 miles from subject, which sold on August 17, 2018 for \$190,000. Its 1,966 square foot dwelling was constructed in 1976. Respondent first applied time adjustments to bring sale prices relevant to the January 1, 2019 assessment date. Next, Respondent directly compared sales to subject and applied adjustments for any variation in property characteristics. Once all appraisal adjustments were applied, Respondent reported value indications between \$234,235 and \$266,951, or roughly \$135 to \$154 per square foot. In comparison, subject is valued at \$212,223, or roughly \$122 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.

Appellant questioned the large increase in assessment and contends Respondent did not take subject's land characteristics into consideration when setting market value. While the Board understands Appellant's concern, it is well understood that properties often increase in value in an inflating market, regardless of any improvements made to the property or unique characteristics. While a large increase may seem unreasonable, the amount or percentage increase cannot be considered when developing market value estimates.

Respondent utilized the sales comparison approach to develop subject's 2019 assessed value. Information on ten (10) sales were provided to represent overall market conditions. Three (3) of the ten (10) were then directly compared to subject, and Respondent applied adjustments to account for any differences in property characteristics. Net adjustments applied to sales ranged from 6% to 18%, which suggests a high degree of comparability to subject. Respondent reported value indications ranging between \$234,235 and \$266,951. Based on the adjusted sales provided, the Board failed to find evidence which supported subject's 2019 assessment is in excess of its fair market value.

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. We did not find the burden of proof met in this instance. Appellant was concerned primarily with the amount or percentage increase, but did not provide any evidence in support of a lower assessment. Respondent provided a number of recent sales in support of its assessment. The Board found Respondent's analysis better supported and more indicative of subject's market value.

Based on the above, 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 22nd day of April, 2020.