

BEFORE THE IDAHO BOARD OF TAX APPEALS

DANIEL WAGNER,	)	
	)	
Appellant,	)	APPEAL NO. 19-A-1357
	)	
v.	)	FINAL DECISION
	)	AND ORDER
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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**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. RPR4013049518. The appeal concerns the 2019 tax year.

This matter came on for telephonic hearing March 4, 2020, before Hearing Officer Cindy Pollock. Appellant Daniel Wagner 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 \$92,534, and the improvements' value is \$348,946, totaling \$441,480. Appellant contends the market value is \$401,938, with no detail given as to allocation between land and improvements.

The subject property is a 2.64 acre improved parcel located on the outskirts of Pocatello, Idaho. The property is improved with a ranch style dwelling, over a basement, constructed in 1986. The residence totals 4,312 square feet, with 2,164 square feet on the

main level and 2,148 square feet in the basement, of which 1,368 square feet is finished living space and 780 square feet is a basement garage. The property is further improved with an 896 square foot detached garage.

Appellant argued that the market sales were not supportive of the 2019 assessment. Appellant contends sales used by Respondent are not comparable to subject, as they are primarily newer homes and located outside subject's neighborhood. In support of a lower assessment, Appellant submitted an independent fee appraisal of the property with an effective date of January 5, 2018. The appraisal developed an opinion of market value using the sales comparison approach, analyzing nine (9) sales and one (1) listing from 2017. The sales were located between .54 and 12 miles from subject. The sale properties were generally similar to subject in terms of construction quality, condition, design, utility, and lot size. Sale prices ranged from \$328,900 to \$528,500. Time adjustments were applied to the prices to reflect price levels on the effective date of valuation (January 5, 2018). The appraisal additionally adjusted the prices to reflect differences in property characteristics, resulting in adjusted sale prices from \$314,479 to \$472,181. The appraisal concluded a value of \$390,000 for the subject.

Appellant further provided information on three (3) additional sales. Sale No. 1 was Appellant's own purchase of subject on March 15, 2018, for \$390,000. The sale was adjusted for time, concluding a value of \$401,938, or \$114 per square foot. Sale No. 2 occurred on May 11, 2017, and was purchased for \$481,500. The sale was adjusted for time, concluding a value of \$510,974, or \$111 per square foot. Sale No. 3 occurred on May 15, 2018, and was purchased for \$350,000. After a time adjustment was applied, the value concluded was

\$376,581, or \$110 per square foot. No information for these sales was provided as to proximity to subject, dwelling characteristics, or lot size.

Respondent likewise offered sales information in support of its 2019 assessment. Information on three (3) sales occurring in 2018 was analyzed to develop an opinion of market value for subject. Sale No. 1 was a 1-acre property located 12 miles from subject which sold on February 9, 2018, for \$323,000. The property is improved with a 2,407 square foot dwelling constructed in 2010. Sale No. 2 was also a 1-acre property located 12 miles from subject which sold on May 15, 2018, for \$350,000. The property is improved with a 3,420 square foot residence constructed in 1974. Sale No. 3 was a 5.25 acre property located 18 miles from subject which sold on April 30, 2018, for \$379,100. The property is improved with a 3,301 square foot dwelling constructed in 2008. Respondent first adjusted each price for time of sale, then directly compared the properties to the subject, and adjustments were made for differences in property characteristics. After all appraisal adjustments, Respondent concluded value indications ranging from \$452,116 to \$627,856, or \$128 to \$178 per square foot. Subject is assessed at \$441,480, or roughly \$125 per square foot.

Respondent submitted for the record ten (10) additional sales which occurred in 2017 and 2018. Though the sales were not directly compared to subject, they were submitted to represent market trends in subject's general neighborhood. Sale parcels ranged from one (1) to six (6) acres in size. The sale dwellings ranged in effective age from 8 to 45 years and had square footage sizes from 2,407 to 4,744 square feet, with sale prices ranging from \$323,000 to \$575,000. Respondent reported that after time and location adjustments, the net sale prices ranged from \$401,938 to \$595,061.

## 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.

Both parties offered value opinions using the sales comparison approach. The Board appreciated the parties' efforts in this regard. Appellant's fee appraisal analyzed nine (9) recent market transactions which were comparable to subject in location, size, age, quality of construction, and lot size. Sale prices ranged from \$328,900 to \$471,000. The appraisal developed a value conclusion of \$390,000 as of January 5, 2018. The opinion of market value

was further substantiated by Appellant's purchase of the subject two (2) months later for the same value.

As for the two (2) additional sales provided by Appellant, it is unclear to the Board the correlation between Sale Nos. 2 and 3 to subject, as no details were provided as to their proximity to subject, lot size, or dwelling characteristics. Less weight was afforded to these sales in the Board's decision.

Though Respondent's sales were timely, there were concerns regarding the comparability of the sale properties to subject, and with the associated appraisal adjustments. Respondent reported adjusted sale prices ranging from \$452,116 to \$627,856, a nearly \$200,000 spread in indicated values, indicating a high level of dissimilarity between the sales relative to a small sample size. Of further concern to the Board was the large overall gross adjustments ranging from 66% to 77%, which further suggests a material degree of dissimilarity between the subject and the sales. With effective ages of 9, 45, and 11 years, respectively, the sale dwellings are all notably newer or older than subject's effective age of 33 years, necessitating adjustments. Additionally, all three (3) sales were notably smaller in gross square footage than subject and were of inferior in quality. It is unclear to the Board why Respondent did not present a consideration of subject's own recent sale in the analysis. The sale of a property in a bona fide open market transaction is sometimes the most relevant data in developing an assessed value for that same property.

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 sales information for review. Respondent provided information on ten (10) sales used to support subject's 2019 assessment. Appellant provided their own purchase of the subject

property, a recent fee appraisal, and information on two (2) additional sales. The Board found Appellant's sales and appraisal information was better supported and more indicative of subject's most probable selling price. We find the burden of proof satisfied; however, we did not find sufficient support to reduce the value to that requested by Appellant. We find a time adjustment was warranted from the date of purchase to the January 1, 2019 assessment date. Therefore, the decision of the Bannock County Board of Equalization is modified, setting the assessed value to \$417,000.

#### 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 setting the assessed market value at \$417,000. The Assessor's Office may determine the allocation of value between land and 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 1<sup>st</sup> day of April, 2020.