

BEFORE THE IDAHO BOARD OF TAX APPEALS

KEVIN AND ROBIN HACK,)	
)	
Appellants,)	APPEAL NOS. 20-A-1033,
)	20-A-1034, and 20-A-1035
v.)	
)	FINAL DECISION
SHOSHONE COUNTY,)	AND ORDER
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from decisions of the Shoshone County Board of Equalization denying appeals of the valuation for taxing purposes on property described by Parcel Nos. RPO3450002014AA, RP48N04E260530A, and RPO3450002018AA. The appeals concern the 2020 tax year.

These matters came on for telephonic hearing October 13, 2020, before Board Member Leland Heinrich. Appellant Robin Hack was self-represented. Chief Deputy Assessor Connie Holmquist represented Respondent.

Board Members David Kinghorn, Leland Heinrich, and Kenneth Nuhn join in issuing this decision.

The issues on appeal concern the market values of three (3) improved residential properties.

The decisions of the Shoshone County Board of Equalization are modified.

FINDINGS OF FACT

Appeal No. 20-A-1033 (RPO3450002014AA)

The assessed land value of this .21 acre parcel is \$14,172, and the improvements' valuation is \$130,740, totaling \$144,912. Appellants contend the correct land value is \$7,250, and the value of the improvements is \$92,950, totaling \$100,200.

Appeal No. 20-A-1034 (RP48N04E260530A)

The assessed land value of this .11 acre parcel is \$7,950, and the improvements'

valuation is \$1,740, totaling \$9,690. Appellants contend the correct land value is \$2,950, and the value of the improvements is \$1,200, totaling \$4,150.

Appeal No. 20-A-1035 (RPO3450002018AA)

The assessed land value of this .36 acre parcel is \$16,343, and the improvements' valuation is \$123,450, totaling \$139,793. Appellants contend the correct land value is \$11,343, and the value of the improvements is \$80,990, totaling \$92,333.

The subject properties are improved residential parcels located outside the city limits of Wallace, Idaho. Two (2) of the subject parcels (Appeal Nos. 20-A-1033 and 20-A-1034), hereinafter the "Home parcel," are contiguous parcels used jointly as Appellants' primary dwelling place. The Home parcel is improved with a 1,478 square foot residence constructed in 1915. The residence is comprised of three (3) bedrooms and one and one-half (1½) bathrooms. The property is further improved with a detached garage, a pole building, and a utility shed. The remaining subject property, the "Rental parcel," is situated adjacent to the Home parcel and is used as a rental. This parcel is improved with a three (3) bedroom, one and one-half (1½) bathroom residence constructed in 1981. Other improvements include an attached garage, some wood decking, and two (2) older pole buildings.

Appellants noted subjects' assessed values increased notably for the 2019 assessment year, and questioned whether another increase for 2020 was justified. Appellants' primary concern centered on whether adequate consideration was given for subjects' location across the street from an active auto salvage yard business. In particular, Appellants were concerned that some items connected with the salvage yard were not stored behind the fence, but were instead placed outside the fence along the roadway. Appellants further pointed to used tires

stacked along the inside of the fence line, and contended the tires were being improperly stored according to storage standards issued by the Idaho Department of Environmental Quality (IDEQ). Lastly, Appellants reported customers of the salvage yard often block the driveway of the Rental parcel, and at times block roadway traffic when visiting the salvage yard property. In all, Appellants argued the salvage yard influence was not adequately reflected in subjects' current valuations.

In addition to the salvage yard, Appellants contended the market value of the Home parcel was further impacted by the lack of a paved road to the property. The Rental property has access from the paved road running in front of the salvage yard, though Appellants noted the road has not been improved in nearly twenty (20) years. Respondent explained most roads in the area were paved through the IDEQ Paved Roads Program as part of the Superfund cleanup efforts; however, the roadway in front of the subject Home parcel was not included in the roadway plans.

Respondent noted Appellants purchased the Rental parcel in June 2014 for \$120,000 and the Home parcel in June 2017 for \$130,000, fully aware of the salvage yard business which has been in operation since the 1990s. Though specifics were not shared, Respondent testified consideration was given for the negative salvage yard influence in determining subjects' assessed values.

As for value evidence, Respondent provided information concerning two (2) recent improved residential sales. Sale No. 1 concerned a 1,196 square foot residence constructed in 1915. The sale residence included four (4) bedrooms, one and one-half (1½) bathrooms, and a basement garage. This property sold in December 2019 for \$134,000. Sale No. 2 was

a three (3) bedroom, one (1) bathroom residence with 1,232 finished square feet constructed in 1914. The property was further improved with a detached garage. This property sold in January 2019 for \$99,611. Based on these sales, Respondent maintained subjects' assessed values were reasonable. Appellants highlighted both of Respondent's sale properties were located in town, far from the salvage yard.

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, 2020, 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 approaches to 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 residential property. In general terms, the approach examines recent sales of similar property and considers differences in the property characteristics between subject and the sale properties.

Neither party developed a traditional sales comparison approach. Appellants focused on negative locational influences impacting the subject properties. Specifically, Appellants pointed to the active salvage yard operation across the street. Appellants cited salvage overflow and frequent occurrences of blocked driveway access to the Rental parcel, as well as frequently blocked traffic on the roadway in front of the salvage yard. In addition to proximity to the salvage yard, Appellants were also concerned inadequate consideration was given to the lack of paved access to the Home parcel. In Appellants' view, these negative influences were not reflected in subjects' current assessments.

Respondent relied on two (2) sales from 2019 in support of subjects' respective valuations. At 1,196 and 1,232 square feet, respectively, the sale residences were somewhat smaller than the residences on either the subject Home or Rental parcels. Details concerning lot sizes or other amenities associated with the sale properties were not shared. The respective prices of the sale properties were \$134,000 and \$99,611, which Respondent argued supported subjects' current valuations.

Though the sales information offered by Respondent was appreciated, the Board had some concerns. To begin, physical details concerning the sale properties were scant. For instance, it is unknown if the sale residences had been updated since their construction more than 100 years ago. Lot sizes were also absent in the record, as were any potential amenities enjoyed by the sale properties. In all, it was unclear how well the sale properties compared to the subject parcels.

Most concerning to the Board, however, was how the salvage yard influence was factored into subjects' assessments. Respondent stated the salvage yard was taken into

consideration, though it was not apparent how it was considered or what specific adjustments were made for the salvage yard influence. Neither of the sales offered by Respondent were situated near the salvage yard or a similar-type property. Indeed, both sale properties were located within city limits, which in the Board's experience is typically a different market area than rural residential property. Based on the totality of the circumstances, the Board finds some additional consideration should be given for subjects' location.

Idaho Code § 63-511 places the burden on the Appellants to demonstrate error in subjects' valuations by a preponderance of the evidence. Given the record in this matter, the Board found the burden of proof satisfied, though did not find sufficient support for the values petitioned by Appellants. Giving consideration to subjects' location, the Board finds subjects' assessed values should be reduced.

The decisions of the Shoshone County Board of Equalization are modified as detailed below.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Shoshone County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED as follows:

Appeal No. 20-A-1033

Land	\$ 12,755
<u>Improvements</u>	<u>\$130,740</u>
Total	\$143,495

Appeal No. 20-A-1034

Land	\$7,155
<u>Improvements</u>	<u>\$1,740</u>
Total	\$8,895

Appeal No. 20-A-1035

Land	\$ 14,709
<u>Improvements</u>	<u>\$123,450</u>
Total	\$138,159

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 values for the current tax year shall not be increased in the subsequent assessment year.

DATED this 25th day of January, 2021.