

BEFORE THE IDAHO BOARD OF TAX APPEALS

LESLIE LYNCH,)	
)	
Appellant,)	APPEAL NO. 20-A-1026
)	
v.)	FINAL DECISION
)	AND ORDER
GOODING COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Gooding County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP003160020030A. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing October 27, 2020, before Board Member Leland Heinrich. Appellant Leslie Lynch was self-represented. County Assessor Justin Baldwin 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 unimproved rural residential property.

The decision of the Gooding County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$27,000. Appellant contends the correct land value is less than \$1,000.

The subject property is an unimproved .90 acre parcel located on the outskirts of Hagerman, Idaho, in the Sand Creek subdivision.

Appellant acquired the subject lot through a trade with a local developer in the 1980s. Appellant purchased eight (8) lots from the City of Hagerman for \$6,500, and then traded six

(6) of those parcels for six (6) subdivision lots, one (1) of which was the subject parcel. Appellant explained the subject parcel is covered in lava rock and has remained vacant since the lot was acquired. Appellant further argued, according to Idaho Code § 63-208, that property must be valued based on the actual and functional use, not a hypothetical future use.

Appellant was also concerned with the increasing tax burden as subject's assessed value continues to climb. In Appellant's view, subject's value should be less than \$1,000, because that was the value at the time the parcel was acquired.

Respondent agreed Idaho Code § 63-208 states the actual and functional use of a property shall be a major consideration when determining market value for assessment purposes; however, Respondent argued the actual and functional use is not the only consideration. According to Respondent, an appraiser must also determine the highest and best use, which is commonly the same as the actual and functional use. Respondent contended both the highest and best use, and the actual and functional use, of a vacant lot within a platted subdivision, is single-family residential use. The subject lot was assessed as a vacant residential parcel in a platted subdivision.

Respondent testified values in the subdivision were determined using sales directly from the development. In this regard, Respondent discussed two (2) sales from the subdivision which occurred in 2018. One (1) sale lot was located across the street from subject, and the other was located a couple lots away, on subject's side of the street. Both sale lots were .50 acres in size. The lot across the street sold for \$34,000, and the other parcel sold for \$20,000. Based on these sales, Respondent maintained subject's current assessed value of \$27,000 was reasonable.

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. 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 subject and the sale properties.

Appellant did not provide any sales information to support the requested value for the subject property. Instead, one of Appellant's primary issues centered on increasing property taxes. Though the Board understands Appellant's concerns with taxes, this Board has no jurisdiction over taxation, only the assessed value of taxable property. As such, the Board is unable to address Appellant's property tax concerns.

Appellant's other concern was the market value of the vacant subject lot. Subject was acquired in the 1980s, and no improvements have been added. Appellant stated the total investment was less than \$1,000, and it should not be valued more than that. Though the Board understands Appellant's position, the subject parcel was acquired through a trade, so there is not an actual sale price. Even if the actual purchase price was \$1,000, the acquisition occurred in the 1980s, which bears little resemblance to the current real estate market.

Appellant also argued subject's assessed value should be based on the actual and functional use of the property as it is now, which is a raw parcel. Respondent explained, per Idaho Code § 63-208, the actual and functional use shall be a major consideration when determining market value for assessment purposes, but it is not the only factor to consider. While there are many factors in valuing a property, the statute is clear the actual and functional use of the property is the primary consideration, not the highest and best use, which is a central tenant in private fee appraisal. That being said, the fact the subject lot is unimproved does not mean it is not a residential parcel. The lot is situated in a residential subdivision, which is precisely how the parcel was assessed. The Board finds no error in Respondent valuing subject as an unimproved residential lot.

Respondent testified there were two (2) lot sales in 2018 in subject's immediate proximity. Both sale lots were .50 acres, with respective sale prices of \$34,000 and \$20,000. The subject parcel is nearly double the size of both sale lots and is assessed for \$27,000. Based on the available sales data, the Board is strained to find error in subject's valuation.

In accordance with Idaho Code § 63-511, the burden is with the Appellant to establish error in subject's assessed value by a preponderance of the evidence. Having presented no

market value evidence, or otherwise providing support for the requested value reduction, Appellant failed to satisfy the requisite burden of proof. As such, the decision of the Gooding County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Gooding County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 16th day of February, 2021.