

BEFORE THE IDAHO BOARD OF TAX APPEALS

LESLIE LYNCH,)	
)	
Appellant,)	APPEAL NO. 20-A-1028
)	
v.)	FINAL DECISION
)	AND ORDER
GOODING COUNTY,)	
)	
Respondent.)	
)	
)	
)	

COMMERCIAL 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. RPW2000096003AA. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing on October 27, 2020, before Board Member Leland Heinrich. Appellant Leslie Lynch was self-represented. 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 improved commercial property.

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

FINDINGS OF FACT

The assessed land value is \$12,351, and the improvements' value is \$17,649, totaling \$30,000. Appellant agrees with the value of the improvements, but contends the correct land value is \$0, totaling \$17,649.

The subject property is a .06 acre commercial property located in Wendell, Idaho. The property is improved with a roughly 5,550 square foot commercial building constructed in the early 1900s. The building formerly housed a meat packing and cold storage business.

Appellant purchased the subject property in 2008 for \$50,000. All the equipment associated with the former packing house operation was removed many years ago. Appellant currently uses the building for storage purposes. The subject property is somewhat unique in that the building footprint consumes the entire acreage. Though unrelated to subject's current valuation, Appellant mentioned there is a county lien on the property stemming from an unpaid wastewater bond bill which has continued to accrue penalties and interest.

Appellant's primary concern centered on the "separate" assessment of subject's improvements and land components. Appellant argued it was improper to assign individual values to the land and improvements because, in a typical sales transaction, the parties do not segregate values between property components. Rather, the purchase price in a typical sales transaction includes both the land and improvements. As such, Appellant contended subject's assessment notice should reflect a single total value.

Respondent pointed out Appellant purchased the subject property for \$50,000 more than a decade ago, yet the current assessed value is only \$30,000. Respondent explained the current valuation included a high level of market obsolescence to reflect the "derelict and non-functional" state of the building. In Respondent's view, subject's current assessed value is reasonable given the current condition of the property and the prior purchase price.

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 sales comparison approach, the cost approach, and the income approach comprise the three (3) primary methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The market value of commercial property is typically estimated using either the sales comparison approach or the income approach.

Neither party developed valuation models using the sales comparison or income approaches. Instead, Appellant focused on how subject's valuation appeared on the assessment notice. Specifically, Appellant argued subject's land and improvement components should not be separately indicated because property sold in the marketplace does not allocate the purchase price between land and improvements. In Appellant's view, subject's land and improvements are a single unit, and the assessment notice should reflect such.

While Appellant is correct a property's purchase price is not typically allocated between land and improvements by the parties to the transaction, assessment law in Idaho requires the county assessor to separately indicate the assessed value for each individual property category on the assessment notice issued to the property owner. "County assessors will use the secondary categories described in the following subsections, indicated by numbers, *to list*

land values on the valuation assessment notices under Sections 63-301 and 63-308, Idaho Code." IDAPA 35.01.03.510 (emphasis added). Improvements are similarly required to be separately indicated on a property's assessment notice. See IDAPA 35.01.03.511. Though taxes are computed on a property's total assessed value, the purpose of separately reporting assessed values by category is to provide property owners with a more complete accounting of the components comprising the total assessed value. The assessment notice concerning the subject property properly identified the respective assessed values for subject's land (Category 21) and improvements (Category 42). The Board finds no error in subject's assessment notice with respect to separately identifying the assessed values of subject's land and improvements.

In terms of value evidence in support of subject's current valuation, neither party offered any market data for the Board's consideration. The only value-related data point was Appellant's purchase of the subject property in 2008 for \$50,000. Though subject's purchase price from more than ten (10) years ago is not considered good evidence of current market value, the fact subject's current valuation is only \$30,000 is supportive of Respondent's contention subject is not over-valued.

Idaho Code § 63-511 places the burden on the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Given the limited record in this case, the Board did not find the burden of proof satisfied. Though the Board would have preferred more support for subject's current assessed value, Appellant provided nothing to demonstrate the valuation was overstated or otherwise erroneous. 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.

IDAHO BOARD OF TAX APPEALS