

BEFORE THE IDAHO BOARD OF TAX APPEALS

LESLIE LYNCH,)	
)	
Appellant,)	APPEAL NO. 20-A-1030
)	
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. RP07S13E258615A. 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 residential property.

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

FINDINGS OF FACT

The assessed land value is \$52,000, and the improvements' value is \$3,804, totaling \$55,804. Appellant contends the correct total value is \$5,000.

The subject property is a three (3) acre rural residential parcel located south of Hagerman, Idaho. The property is improved with a 768 square foot single-level residence.

Appellant purchased the subject property in 1975 for \$5,000. At the time of purchase, the property was improved with a residence and dilapidated garage. Since its purchase,

Appellant utilized subject as a rental property, and over the years the residence has been extensively damaged. Based on the current valuation, roughly \$50,000 more than the 1975 purchase price, Appellant questioned whether the subject property was assessed according to its actual and functional use or its highest and best use. In Appellant's view, the purchase price sets the market value for the property, and the current assessment does not reflect such.

Appellant additionally challenged the size of the subject parcel and the assessed land value. The assessment notice indicates the parcel is three (3) acres; however, Appellant testified the deed states the lot is "1.5 acres, plus or minus." Appellant also questioned why one (1) acre of the parcel was assessed at \$33,000, while the remaining two (2) acres were assessed for a total of \$19,000.

Respondent explained the three (3) acre size figure was calculated using the metes and bounds description in subject's property deed. It was further noted the lot size has been listed as three (3) acres since at least 1987 and has never been questioned prior to this appeal. Respondent explained the valuation of the one (1) acre at \$33,000 was a standard homesite value, which includes the value of the land plus the associated onsite improvements such as well, septic, and electricity. Appellant noted the property does not have a well, but rather a cistern which has been rendered unuseable by prior renters who filled the cistern with trash and debris.

As for subject's land value, Respondent testified the homesite valuation was consistent with other rural homesite assessed values in the area. The remaining two (2) acres were assessed as dry land at the "Hagerman Valley" rate. The dry land value was determined using sales of rough and rocky parcels from the area. Respondent characterized the subject lot as

typical for the neighborhood and maintained no special adjustments or additional consideration are warranted.

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. *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 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.

Neither party offered sales or other market data in support of their respective value positions, nor did either party develop a valuation analysis for the Board's consideration. Instead, Appellant raised generalized issues related to subject's assessed value, as well as

the size of the parcel. With respect to the size of the subject lot, Appellant noted the deed said the parcel was "1.5 acres, more or less" and questioned how Respondent determined the size to be three (3) acres. Respondent explained subject's size was calculated using the metes and bounds description provided in the deed. Additionally, the three (3) acre size figure has been in place since at least 1987 and has not been previously questioned. Though the Board appreciates Appellant's concerns in regards to subject's lot size, nothing was offered to rebut the size reflected in Respondent's records, which are presumed correct as a matter of law. Without evidence to demonstrate Respondent's records are erroneous with respect to subject's acreage, the Board must accept three (3) acres as the correct size measurement.

Turning to subject's valuation, Appellant questioned how the homesite acre could be valued at \$33,000, while the remaining two (2) acres were assessed for a total of \$19,000. Though no supporting details were provided, Respondent testified subject's homesite assessed value was consistent with those of other rural residential homesites in the general area. It was also noted the homesite value includes value attributable to subject's onsite improvements, such as septic and electricity. The remaining acres were valued as dry land at the rate determined for rough and rocky parcels in the Hagerman Valley area. It is a well-established appraisal principle the homesite of a rural residential property carries the most value, because it is the portion of the parcel upon which the core residential improvements are situated. Additional acreage has lesser utility with respect to the residential use of a property; therefore, those acres carry less value on a per-acre basis. Subject's land was assessed consistently with this principle, with the first acre valued at a higher rate than the remaining two (2) acres. The Board found no error in Respondent's assessment treatment of subject's land.

Appellant additionally questioned whether subject was assessed according to its actual and functional use or its highest and best use. In Appellant's view, the \$5,000 purchase price in 1975 was the market value, and the higher current valuation was erroneous. As noted by Appellant, non-exempt real property in Idaho is to be assessed with major consideration given for its actual and functional use. See Idaho Code § 63-208. Appellant argued a property's actual and functional use was more important than market value for purposes of assessment. We disagree. The foundation of Idaho's property tax system is that all taxable property be assessed at current market value. The actual and functional use requirement serves to guide the valuation model; it does not mean property is to be assessed at anything other than market value, and it certainly does not imply a property's assessed value remain unchanged since its purchase. The actual and functional use requirement simply means a property is not to be assessed according to some hypothetical different use, even if such different use represents the highest and best use. Nothing in the record suggests Respondent valued subject as something other than a rural residential property, which is the property's actual and functional use as of the January 1, 2020, assessment date.

In accordance with Idaho Code § 63-511, the burden is with the Appellant to prove subject's valuation is erroneous by a preponderance of the evidence. Though the Board would have appreciated more details concerning Respondent's valuation methodology and the sales information used to determine subject's land value, Appellant offered no sales or other market data in support of the requested value reduction, and therefore failed to meet the burden of proof. Accordingly, the Board did not find sufficient cause to disturb subject's current valuation.

Based on the above, 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 19th day of February, 2021.