

BEFORE THE IDAHO BOARD OF TAX APPEALS

GLENN TRUEX,	)	
	)	
Appellant,	)	APPEAL NO. 20-A-1076
	)	
v.	)	FINAL DECISION
	)	AND ORDER
SHOSHONE COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Shoshone County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP50N02E252600A. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing November 12, 2020, before Board Member Kenneth Nuhn. Appellant Glenn Truex was self-represented. Deputy Assessor Katie Murray 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 rural residential property.**

**The decision of the Shoshone County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$34,518, and the improvements' value is \$279,675, totaling \$314,193. Appellant contends the correct total value is \$305,406.

The subject property is a twenty-one (21) acre rural tract located north of Kingston, Idaho. The property is improved with a three (3) bedroom, three (3) bathroom log-style residence constructed in 1999. The residence totals 2,818 square feet of finished living area and includes a basement garage.

Appellant purchased the subject property in 2016 for \$415,000. Since the purchase, Appellant discovered some deferred maintenance items not identified in the inspection report at the time of sale. Specifically, the support beams for the deck are rotting, the roof needs to be replaced, and there are some plumbing issues. Following a request from Appellant in 2019, Respondent inspected the subject residence and observed the deferred maintenance items described by Appellant. In an effort to account for the condition issues, Respondent reduced subject's valuation 5% each for the support beams, roof replacement, and plumbing problems. The same condition adjustments were left in place for subject's 2020 assessment.

After receiving subject's 2020 assessment notice reflecting a roughly \$9,000 increase from the 2019 valuation, Appellant again requested Respondent visit the property to verify the condition issues still persist. In Appellant's view, subject's residence continues to actively deteriorate, and therefore the assessed value should not increase until the condition issues have been remedied. Respondent explained subject's increase in assessed value for 2020 was not because subject's condition improved, but rather was the result of escalating market activity, which drove values upward throughout 2019.

In support of subject's current valuation, Respondent provided information concerning three (3) sales which occurred during 2019. Sale No. 1 was a 9.9 acre parcel improved with a three (3) bedroom, two (2) bathroom log-style residence with 2,952 square feet of finished living area constructed in 2003. This property sold in May 2019 for \$460,000, or \$132 per square foot. Sale No. 2 concerned a 1,288 square foot residence constructed in 1999 and situated on a 2.175 acre parcel. This property sold in December 2019 for \$353,000, or \$187 per square foot. Lastly, Sale No. 3 was a twenty (20) acre parcel improve with a 5,197 square

foot log-style residence constructed in 2003. This five (5) bedroom, three (3) bathroom residence sold in July 2019 for \$885,000, or \$135 per square foot. Subject's current assessed value is \$314,365, or \$98 per square foot.

### 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 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 property characteristics between subject and the sale properties.

Appellant questioned why subject's assessed value increased for 2020 despite several

lingering condition issues affecting the residence. Appellant contended the value should decline until the deferred maintenance items are addressed. While the Board appreciates Appellant's concerns, market value is an estimate of value as of a specific point in time and is based on market conditions at that time. Market value is not stagnant; it changes as the market moves. In this case, Respondent reported strong sales activity during 2019, pointing to a clearly appreciating market. As such, Respondent was obligated to increase values in order to comply with Idaho's assessment laws, which require all non-exempt real property be assessed at market value as of January 1 each year. In this regard, the Board did not find error in subject's value being increased for 2020, where the increase was the result of general market activity, not changes to subject's property characteristics.

As for the specific deferred maintenance items plaguing the subject residence, Respondent applied downward adjustments of 5% for the support logs, 5% for the roof, and 5% for the plumbing issues. In the Board's experience, a 15% adjustment is notable, and without evidence to suggest additional adjustments are warranted, the Board was disinclined to make any further condition adjustments.

Though not a traditional sales comparison approach model, Respondent did provide some sales information in support of subject's current valuation. There were some differences in property characteristics; however, the sale properties were generally representative of the subject property. Sale prices ranged from \$353,000 to \$885,000, or from \$132 to \$187 per square foot. By contrast, subject's current valuation is \$314,365, or \$98 per square foot, which the Board found reasonable given the available sales data.

In accordance with Idaho Code § 63-511, the Appellant bears the burden of

demonstrating subject's valuation is erroneous by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. Admittedly, the subject residence suffers from some deferred maintenance issues; however, the 15% adjustment applied by Respondent was found to reasonably account for the deficiencies. It was also not lost on the Board Appellant purchased the subject property in 2016 for \$415,000, or roughly \$100,000 more than the current assessed value. In the end, the Board did not find sufficient support to disturb subject's valuation.

Based on the above, the decision of the Shoshone County Board of Equalization is affirmed.

#### FINAL ORDER

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

DATED this 1<sup>st</sup> day of March, 2021.