

BEFORE THE IDAHO BOARD OF TAX APPEALS

JAMES FREI,	)	
	)	
Appellant,	)	APPEAL NO. 19-A-1428
	)	
v.	)	FINAL DECISION
	)	AND ORDER
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

The appeal is taken from a decision of the Bannock County Board of Equalization modifying a protest of valuation for taxing purposes on property described as Parcel No. RPRPCD6000501. The appeal concerns the 2019 tax year.

The parties stipulated to have the Board hear this matter on the documentary record without the necessity of personal appearances at hearing. The Board subsequently ordered all information and evidence be submitted by both parties, after which the record was closed. The Board now renders its decision based upon the record created. Appellant James Frei was self-represented. County Appraiser Celeste Gunn represented Respondent.

Board Members Leland Heinrich, David Kinghorn 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 Bannock County Board of Equalization is reversed.**

FINDINGS OF FACT

The assessed land value is \$67,500, and the improvements' value is \$286,851, totaling \$354,351. Appellant contends the market value is \$345,000.

The subject property is a .28 acre lot located within the city limits of Pocatello, Idaho. The parcel is improved with a ranch style dwelling, over a basement and was constructed in 2015. The dwelling totals 3,406 square feet in size, with 1,661 square feet on the main level and 1,745

square feet in the basement, of which 618 square feet is finished. The dwelling has an attached three (3) car garage.

Appellant purchased subject in December 2018 for \$340,000. Appellant challenged that current market sales do not support the assessment. In support of a lower assessment, Appellant commissioned an independent fee appraisal of the property with an effective date of December 28, 2018. The fee appraisal determined a gross living area of 3,374 square feet.

Turning to the question of subject's market value, the appraisal developed a value using the sales comparison approach, analyzing information on three (3) sales from 2018. The sale properties were generally similar to the subject in terms of construction quality, condition, design, utility and lot size. Sale prices ranged from \$334,900 to \$369,900. Time adjustments were applied to the sale prices to reflect the price levels on the date of valuation (January 1, 2019). The appraisal additionally adjusted the prices to reflect differences in the property characteristics, resulting in adjusted sale prices from \$329,200 to \$351,300. The appraisal concluded a value of \$345,000.

Respondent likewise offered sales information in support of subject's assessed value. Respondent analyzed three (3) residential sales which occurred from 2017 to 2018. The sales were all located within .28 miles of subject. Details concerning the physical attributes of the sale properties were somewhat limited, though Respondent reported the sale residences ranged in size from 2,317 square feet to 3,192 square feet, with effective ages from 11 to 14 years. The sale prices ranged from \$329,000 to \$435,000. Respondent first adjusted the sale prices for time of sale. Next, each property was directly compared to subject, and adjustments were made for differences in property characteristics. After all appraisal adjustments, Respondent concluded

adjusted prices ranging from \$387,467 to \$440,353, or from \$170 to \$193 per square foot. Subject is assessed at \$354,351 or roughly \$155 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, 2019 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 adjustments for differences in property characteristics between the subject and the sale properties.

Both parties offered value opinions using the sales comparison approach. The Board appreciated the parties' efforts in this regard. Appellant's fee appraisal analyzed information on three (3) recent market transactions which were timely and comparable to the subject in terms

of size, age, quality of construction and lot size. Sale prices were between \$334,900 and \$369,900, indicating a level of commonality between the sales. The appraisal developed a value conclusion of \$345,000. Respondent's sale analysis included sale prices ranging from \$329,000 to \$435,000, over a \$100,000 spread in prices, indicating a level of dissimilarity between the sales.

In support of subject's current assessment, Respondent utilized mass appraisal techniques, using recent sales to develop valuation models with the sales comparison approach. Respondent provided information on three (3) sales in support of subject's assessment, one (1) from 2017 and two (2) from 2018. The sales appear to be similar in design, quality and lot size. Of concern to the Board were the large overall gross adjustments made to the sale properties, ranging from 18% to 50%, which suggest a material degree of dissimilarity between subject and the sales. Sale one (1) was from 2017, with a nearly \$60,000 time adjustment. With the effective ages between 11 and 14 years, respectively, the sale dwellings are all somewhat older than subject's effective age of four (4) years, necessitating large adjustments. Additionally, sales two (2) and three (3) are nearly 1,000 square feet larger than subject, again necessitating large adjustments. It is unclear to the Board why Respondent would not have used subject's own sale as a comparable property in the analysis. The sale of a property in a true open market transaction can be one of the most relevant data points in developing assessment value for that same property.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Given the evidence present in this matter, the Board finds the burden of proof satisfied.

Appellant's value conclusion was found to represent the better supported and more thorough assessment of subject's current market value. Specifically for the timely sales information in the record, Appellant provided sales that appear to be more comparable in size, age, utility and better represent subject's most probable selling price. As such, the Board will reduce subject's assessed value to \$345,000. Based on the above, the decision of the Bannock County Board of Equalization is reversed.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bannock County Board of Equalization concerning the subject parcel be, and the same hereby is, REVERSED, setting the assessed value at \$345,000, with \$67,500 attributable to the land, and \$277,500 to the improvements.

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 Appellant.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 30<sup>th</sup> day of March, 2020.