

BEFORE THE IDAHO BOARD OF TAX APPEALS

GARRY AND SUE PURKEY,	)	
	)	
Appellants,	)	APPEAL NO. 19-A-1301
	)	
v.	)	FINAL DECISION
	)	AND ORDER
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Bannock County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RPR4013032201. The appeal concerns the 2019 tax year.

This matter came on for hearing March 18, 2020 in Pocatello, Idaho before Board Members Leland Heinrich and David Kinghorn. Appellant Garry Purkey was self-represented. Assessor Sheri Davies 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 Bannock County Board of Equalization is modified.**

**FINDINGS OF FACT**

The assessed land value is \$74,342, and the improvements' value is \$173,852, totaling \$248,194. Appellants contend the land value is \$66,110, and the improvements' value is \$120,771, totaling \$186,881.

The subject property is a 4.6 acre rural residential parcel situated along the Portneuf River, south of Pocatello, Idaho. In addition to a couple of pole buildings and a loafing shed, the subject property is improved with a one-story residence constructed in 1975. The residence

totals 2,836 square feet in size, with 2,224 square feet on the main level and 612 square feet in the basement, of which 576 square feet are finished. Additionally, the property is improved with an attached three-car garage.

Appellants highlighted the notable increase in subject's assessment and questioned whether there was adequate support for the value. Appellants reported no improvements had been made to the property in many years and argued there was no justification for the increased value for the subject residence. Appellants additionally referenced assessed values of several properties in the immediate area, most of which were noted to have more acreage but lower assessments than subject. In all, Appellants considered subject's 2019 assessment to be excessive and inequitable compared to neighboring properties.

In addition to the equity concerns, Appellants pointed out additional items argued to negatively impact subject's market value. The first was the installation of an odorization plant in subject's immediate proximity by a utility company. Appellants also questioned whether subject's land assessment included land dedicated to N. Fort Hall Mine Road, as well as land impacted by a drainage easement.

The Hearing Officer left the record open to give Respondent an opportunity to research whether subject's land assessment included acreage covered by public rights-of-way and/or drainage easements. Respondent reported the land consumed by N. Fort Hall Mine Road was not included in subject's land area, as per the recorded deed. As for the drainage easement, Respondent's research confirmed the existence of such easement running across the subject property. Respondent estimated the land area consumed by the easement to be .10 acres, so recommended removing \$1,882 from the assessed land value.

As for the value of subject's residence, Respondent explained that in addition to market trending which occurred in subject's area, the 2019 assessed value increased as a result of an update made to the property record. In 2001, roughly 914 square feet were added to the subject residence, which increased the bedroom count to four (4) and the bathroom count to two (2). This addition was erroneously overlooked until the 2019 assessment was being prepared, at which time Respondent discovered the omission and updated subject's property record accordingly. For 2018, subject's residence was assessed at \$103,157. After updating the property record for 2019, the value of the residence increased to \$164,967.

In terms of market value evidence, Respondent provided information and analysis on three (3) rural residential sales. Respondent noted it is somewhat difficult to find multiple recent sales of rural properties within close proximity of each other because there are generally fewer sales in rural areas than in urban settings. Against this backdrop, Respondent pointed out two (2) of the sale properties included in the analysis were located a little more than ten (10) miles from subject, and the other was located within .14 miles. The sale residences bracketed subject's residence in terms of age and finished living area. Sale prices ranged from \$222,900 to \$300,000. A time adjustment was applied to each sale price to reflect pricing levels on January 1, 2019. Each property was then directly compared to subject, and appraisal adjustments were made for differences in property characteristics. Adjusted sale prices ranged from \$340,957 to \$421,195, or roughly \$122 to \$150 per square foot. Subject's current assessed value is \$248,194.

#### 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. The sales comparison approach, the cost approach, and the income approach comprise the three (3) recognized methods of appraisal. *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 residential property. In general terms, the approach examines recent sales of similar property and considers differences in the property characteristics between the subject and the sale properties.

Appellants did not offer recent sales data in support of the petitioned value reduction. Instead, Appellants focused on some unique issues argued to negatively affect subject's market value. The first concern centered on whether subject's land value included land encumbered by public rights-of-way and/or easements. The second issue was related to an odorization plant<sup>1</sup> installed on an adjoining parcel which was once part of the subject tract. The

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<sup>1</sup>Details concerning the odorization plant were limited, however, due to the fact a gas line runs through the subject property, it is assumed Appellants were referring to a natural gas

Board will address each of Appellants' concerns in turn.

There was some question at hearing as to whether subject's land assessment included some value attributable to encumbered land. As ordered by the Hearing Officer, Respondent provided the Board with its findings related to any potential rights-of-way or easement issues in a post-hearing submission. Respondent's research confirmed subject's acreage does not include any land under N. Fort Hall Mine Road. Respondent did discover, however, that subject is encumbered by a drainage easement which crosses a portion of the property. Respondent estimated the area consumed by the easement to measure roughly .10 acres, and suggested a reduction in land value of \$1,882 would be an appropriate adjustment. Based on this update in the record, the Board agrees an adjustment is warranted.

Turning next to the odorization plant located in the immediate proximity of the subject residence, the Board finds the negative influence of the plant was not adequately considered in subject's assessment. Appellants referenced past legal action or other governmental process concerning the portion of the original subject property, currently used to house the odorization plant. It was not clear when the referenced events took place, but the end result was a middle section along the southern border of the subject parcel being split off and an odorization plant being installed. The split has rendered subject an oddly-shaped parcel with reduced utility on the southern section due to the existence of the plant which consumes what was once a large middle portion of the southern boundary line. Subject's situation is unique, and the Board is not convinced the current assessed value reflects such.

Respondent developed a sales comparison approach model using three (3) recent sales

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odorization plant.

of rural residential properties. While the Board appreciated Respondent's efforts, there were some concerns with the sales utilized and the corresponding analysis. Specifically, there were questions of comparability between subject and the sale properties. This was evident in the amount of gross adjustments applied to the respective sale prices, which were 41%, 26% and 49%. When the time adjustments are added, the sale adjusted prices are even further from the actual sale prices. Though the adjustments were somewhat aggressive, the Board was more concerned with a general inability to identify a correlation between the adjusted sale prices, which ranged between roughly \$340,000 and \$420,000, to subject's assessed value of \$248,194. In short, the analysis was not found to be supportive of subject's assessment.

In accordance with Idaho Code § 63-511, the Appellants bear the burden of proving error in subject's assessed value by a preponderance of the evidence. Based on the record created in this matter, we find the burden of proof satisfied, though did not find sufficient support for the value petitioned by Appellants. Instead, giving consideration to the drainage easement and the odorization plant, the Board finds subject's 2019 assessed value should be reduced to \$225,000. The decision of the Bannock County Board of Equalization is modified accordingly.

#### 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, MODIFIED, to reflect a decrease in subject's assessed value to \$225,000, with \$65,000 attributable to the land, and \$160,000 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 Appellants.

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 1<sup>st</sup> day of May, 2020.