

BEFORE THE IDAHO BOARD OF TAX APPEALS

ROYAL PUCKETT,	)	
	)	
Appellant,	)	APPEAL NO. 21-A-1096
	)	
v.	)	FINAL DECISION AND ORDER
	)	
ADA COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Ada County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. S0232110400. The appeal concerns the 2021 tax year.

This matter came on for telephonic hearing November 4, 2021, before Board Member Leland Heinrich. Vernon K. Smith appeared at hearing for Appellant. Ada County Chief Deputy Assessor Brad Smith 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 Ada County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$336,000, and the improvements' value is \$800, totaling \$336,800. Appellant does not contest the value of the improvements, but contends the correct land value is \$273,000, for a total value of \$273,800.

The subject property is a 4.99 acre rural residential property located a couple miles north of Eagle, Idaho. The parcel is improved with a single-wide manufactured home, as well as five (5) other dilapidated structures situated about the property.

Appellant was primarily concerned with subject's valuation compared to his brother's property located down the road from subject. Both properties were part of the same mother parcel that was split many years ago. The brother's property is a 5.73 acre parcel improved with a single-wide manufactured home and a shop. Appellant characterized the brother's property as nearly identical to the subject property in terms of topography, use, and lack of irrigation. Because of the similarities between the two (2) properties, Appellant questioned why subject's land was valued notably more and argued either subject's land value should be reduced in line with the brother's valuation, or the brother's land value should be increased to better align with subject's valuation.

Respondent explained the difference between the land values was because the brother's property was specially valued as land actively devoted to agriculture pursuant to Idaho Code § 63-604, whereas subject was assessed at market value as a rural residential property. Respondent provided the brother's application for the agricultural exemption from 2017 into the record, along with the lease agreement with a local bona-fide agricultural operator. Respondent additionally provided a photograph from June 2020 depicting bales of hay on the brother's property. Respondent further explained, because the brother's parcel exceeds five (5) acres in size, there is no requirement to apply for the agricultural exemption on an annual basis; the exemption continues until active agricultural use ceases. Appellant questioned the agricultural use of the brother's property

given the lack of irrigation and maintained subject's valuation should closely mirror that of the brother's property.

In support of subject's land value, Respondent provided three (3) recent sales of vacant parcels located within a few miles of subject. Sale No. 1 concerned a 5.131 acre parcel with a March 2020 sale price of \$450,000, or \$87,700 per acre. Sale No. 2 was a 5.123 acre lot which sold for \$425,000, or \$83,000 per acre, in February 2020. These first two (2) sale lots had electricity at the time of sale, but neither had well or septic/sewer services. Sale No. 3 involved two (2) adjacent lots totaling 5.005 acres in size with no utilities at all which sold in December 2020 for \$413,900, or \$82,700 per acre. Respondent applied an upward 2.40% per month time adjustment to the sale prices to reflect pricing levels on the assessment date of January 1, 2021, resulting in adjusted sale prices of \$549,400, \$536,700, and \$421,100, or \$107,100, \$104,800, and \$84,100 per acre, respectively. Subject's 4.99 acres are assessed \$336,000, or roughly \$67,300 per acre.

Respondent also provided three (3) recent sales involving single-wide manufactured homes with sale prices ranging from \$36,500 to \$49,500. None of the sales were directly compared to subject because subject's manufactured home is assessed for only \$800, characterized by Respondent as reflective of storage or scrap metal value. Respondent also pointed out zero value was assigned to all five (5) other improvements on the subject property, leaving only the manufactured home and the land valued for assessment purposes.

### 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 primary three (3) approaches for determining market value include 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.

Appellant’s primary issue centered on the different assessment treatment of the subject property compared to his brother’s property located in the immediate vicinity. In Appellant’s view, both properties are “nearly identical” and should therefore have similar land values. While the Board understands Appellant’s concerns, the argument is flawed in the context of assessment for purposes of property taxation. The starting presumption in Idaho is that all property is subject to market value assessment and taxation, unless a specific exemption applies. Idaho Code 63-203. In the case at bar, Appellant’s brother applied for an agricultural exemption on his 5.73 acre parcel, which exemption was

granted in 2017, and has persisted through the current assessment year. As an agriculturally “exempt” property, the brother’s parcel is entitled to special valuation treatment as detailed in Idaho Code, resulting in a lower land value than the subject parcel, which is assessed at market value. Appellant, by contrast, has not filed an agricultural exemption application for subject, so the property is not entitled to special valuation treatment and therefore must be assessed at market value. That the subject property and the nearby parcel owned by Appellant’s brother may share similar physical characteristics is not a determinative factor. The Board cannot simply value subject as an agricultural property without first determining the property qualifies for the exemption.

“Idaho case law requires that all tax exemption statutes be strictly and narrowly construed against the taxpayer, who must show a clear entitlement, and in favor of the state. Courts may not presume exemptions, nor may they extend an exemption by judicial construction where not specifically authorized. The language of exemption statutes must be given its ordinary meaning and an exemption will not be sustained unless within the spirit as well as the letter of the law.”

*Corp. of the Presiding Bishop of Church of Jesus Christ of Latter-Day Saints v. Ada Cnty.*, 123 Idaho 410, 416, 849 P.2d 83, 86 (1993).

To qualify for an agricultural exemption, certain requirements must be satisfied. The first such requirement is an application be filed by the property owner with the county assessor by April 15 of the applicable year. As noted earlier, Appellant has not filed an application for an agricultural exemption on the subject property, and therefore does not qualify for special valuation treatment for 2021.

If the subject property’s valuation cannot be reduced consistent with the brother’s property, Appellant alternatively argued the brother’s valuation should be increased to better align with subject’s land value. The fatal flaw in this argument is the brother’s property is not under appeal, and thus the Board lacks the necessary jurisdiction to make

any findings regarding its assessment. The Board's jurisdiction extends only to an appeal from a decision of a county board of equalization timely filed with the county auditor. Idaho Code § 511. To the Board's knowledge, the Ada County Board of Equalization did not issue a decision concerning Appellant's brother's property, and no appeal was filed to this Board. As such, there exists no issue ripe for the Board's consideration with respect to the assessment of the brother's property. The market value of the subject property is the only issue before the Board in this appeal.

In appeals to the Board, the burden lies with Appellant to establish error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. Given the record in this matter, the Board did not find the burden of proof satisfied. Appellant did not provide recent sales or other market-derived data in support of reducing subject's current valuation. Respondent, on the other hand, provided information on three (3) vacant lot sales, all of which sold well above subject's current land value. It was also not lost on the Board subject's manufactured home was assessed for only \$800 despite being actively used as Appellant's primary residence, and the combined value of the five (5) other improvements on the property is \$0. With so much consideration already given to subject's unique attributes, the Board did not find support for additional adjustments to subject's valuation.

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

FINAL ORDER

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

DATED this 4<sup>th</sup> day of February, 2022.