

BEFORE THE IDAHO BOARD OF TAX APPEALS

CRYSTAL SPRINGS MOUNTAIN, LLC,)	
)	
Appellant,)	APPEAL NOS. 21-A-1112 and
)	21-A-1113
v.)	
)	FINAL DECISION AND ORDER
BANNOCK COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from decisions of the Bannock County Board of Equalization modifying of the valuations for taxing purposes on properties described by Parcel Nos. RPR4225004133 and RPR4225004114. The appeals concern the 2021 tax year.

These matters came on for telephonic hearing December 7, 2021, before Board Member Leland Heinrich. Andreas Heldwein appeared at hearing for Appellant. Bannock 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 values of two (2) unimproved rural residential parcels.

The decisions of the Bannock County Board of Equalization are modified.

FINDINGS OF FACT

Parcel No. RPR4225004133 (Appeal 21-A-1112)

The assessed land value is \$50,513. Appellant contends the correct value is \$32,500.

Parcel No. RPR4225004114 (Appeal 21-A-1113)

The assessed land value is \$50,513. Appellant contends the correct value is \$38,500.

The subject properties are adjacent twenty (20) acre rural residential tracts located approximately seven (7) miles east of McCammon, Idaho. The parcels are located atop a mountain roughly one (1) mile from the nearest county-maintained road. The subject tracts are vacant except for three (3) storage containers on concrete footings situated on one (1) of the parcels.

For the current 2021 assessment year, Parcel No. RPR4225004133 was initially assessed for \$70,719, and Parcel No. RPR4225004114 was valued at \$46,642. Following an appeal by Appellant, the Bannock County Board of Equalization (BOE) adjusted the value of both subject parcels to \$50,513. Appellant disagreed with the BOE's ordered values so timely appealed the valuations to this Board.

Appellant purchased the subject parcels in August 2019 for \$25,000 each. The parcels do not currently have utilities. Appellant noted the nearest power line is located roughly one-half ($\frac{1}{2}$) mile away and explained extending electricity to the subject properties would require an easement through at least one (1) adjacent parcel. Appellant further reported water would either have to be hauled to the site, or a deep well would need to be dug. Appellant reported a nearby property owner had to dig a well 900 feet deep. According to recent estimates obtained by Appellant, it would cost approximately \$40,000 to dig a well of similar depth on the subject properties. It was also noted Appellant and a neighbor maintain the roughly one (1) mile of non-paved road used to access properties in that section of the neighborhood. The subject properties are used primarily

to store Appellant's road maintenance equipment and to park Appellant's RV during the warmer months of the year.

Appellant was primarily concerned with subjects' valuations compared to the current assessed values of several other parcels in the immediate area. Appellant highlighted the immediately adjacent twenty (20) acre tract to the north, currently valued at \$32,499 following an adjustment by the BOE. Appellant also pointed to the adjacent ten (10) vacant lots to the southeast of subjects, each of which was assessed at \$23,557. In Appellant's view, subjects' valuations should more closely resemble the assessments of the referenced tracts. Respondent explained the ten (10) southerly lots were assessed at \$23,557 because they are situated farther down the mountain on a steeper slope. Respondent did not regard these parcels as comparable to the subject lots.

Respondent offered support for subjects' current valuations in the form of three (3) recent vacant rural land sales located between approximately 3.75 and 6.24 miles from the subject properties. Sale No. 1 concerned a 10.51 acre parcel which sold for \$76,000 in September 2020. Sale No. 2 was a 22.56 acre tract with a September 2020 sale price of \$146,470. Lastly, Sale No. 3 involved a 14.37 acre parcel which sold in October 2020 for \$85,000. Respondent applied an upward time-adjustment to the sale prices to reflect pricing levels on January 1, 2021, the relevant date of valuation in this matter. The result was adjusted sale prices of \$80,560, \$155,258, and \$88,825, respectively. Based on these sales, Respondent argued subjects' valuations were reasonable or perhaps even somewhat low.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of market value in fee simple interest or, as applicable, a property's exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence submitted by the parties, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2021, in this case. Market value is always estimated as of a precise point in time. Idaho Code § 63-201 provides the following definition,

“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 estimating the market value of real property. *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 the differences in property characteristics between subject and the sale properties.

Neither party developed a traditional sales comparison model, though Respondent did provide information on three (3) sales from the same general area of the county as the subject lots. The sale tracts varied in size from 10.51 to 22.56 acres, with raw sale prices ranging from \$76,000 to \$146,470 and adjusted prices from roughly \$80,000 to

\$150,000. While the sales information was appreciated, there were a couple concerns from the Board's perspective. Most notably, Respondent was unaware of whether any of the sale properties had utilities or how close they were to existing utility services. Both Sale No. 1 and Sale No. 3 are located in close proximity to several improved residential properties, which suggests utilities are currently available to the lots or could be easily extended. And Sale No. 1 is located only two (2) miles north of town, adjacent to an improved residential property and across the highway from a couple others. This again suggests utilities already exist or are easily accessible.

Respondent was also unsure of the access to the sale properties. The Board could not precisely identify the access roads to Sale Nos. 2 and 3, but Sale No. 1 is located along Old Highway 91, which is undoubtedly a government-maintained roadway. The Board was also concerned with the property types of the sale tracts, particularly Sale No. 2 which sold for roughly \$146,000, yet is currently assessed at \$1,918. Such a low valuation indicates the parcel may be an agricultural tract, which is an entirely different property type than rural residential or recreational-type properties like subjects. Lastly, none of the sale properties were located on a mountain, but rather down in the valley where the topography is more level. So, while the sale properties were sizeable rural tracts in the same general southerly portion of the county, they appeared to share few other similarities with the subject properties. With too many questions concerning the comparability of the sale properties, the Board did not rely heavily on Respondent's sales data.

Appellant's central argument was subjects' assessed values were high compared to values of nearby parcels. Appellant's concern with different valuations is

understandable; however, a comparison of assessed values is not a recognized appraisal approach and not regarded as the best evidence of current market value. As such, the Board placed little emphasis on Appellant's comparative analysis.

More compelling to the Board was Appellant's arm's-length purchase of the subject properties in August 2019 for \$25,000 each. Though it occurred in the latter half of 2019 and thus not reflective of pricing levels on the January 1, 2021, assessment date, the purchase price was strikingly less than all of Respondent's sales, which ranged in price from \$75,000 to \$146,470. And the price gap remains wide even after applying Respondent's 1.5% per month time adjustment to subjects' \$25,000 purchase price which yields a time-adjusted sale price of roughly \$32,000 for each subject lot. Such a variance in price points is a strong indicator notable differences exist between the subject properties and the sale lots. Without other sales of properties more comparable to the subject lots to indicate a different value, the Board found subjects' purchase price the best evidence of market value in this particular instance. The Board will therefore reduce subjects' respective assessed values to match the time-adjusted sale prices.

Idaho Code § 63-511 places the burden on Appellant to establish subjects' valuations are erroneous by a preponderance of the evidence. Given the record in this matter, the Board found the burden of proof satisfied and will thus reduce the valuation of the subject parcels to \$32,000 each.

Based on the above, the decisions of the Bannock County Board of Equalization are modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Bannock County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED, to reflect a decrease in the assessed values of the subject properties to \$32,000 each.

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 that under certain circumstances the above ordered values for the current tax year shall not be increased in the subsequent assessment year.

DATED this 12th day of April, 2022.