

BEFORE THE IDAHO BOARD OF TAX APPEALS

SAMUEL KENINGER,)	
)	
Appellant,)	APPEAL NO. 19-A-1422
)	
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. RPRPVVR000200. The appeal concerns the tax year 2019.

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 Samuel Keninger 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 \$60,750, and the improvements' value is \$340,855, totaling \$401,605. Appellant contends the market value is \$360,000, with no detail given as to the allocation between land and improvement values.

The subject property is a .28 acre lot located within city limits of Pocatello, Idaho. The

parcel is improved with a ranch style dwelling, over a basement and was constructed in 2017. The dwelling totals 3,346 finished square feet in size, with 1,724 square feet on the main level and 1,706 square feet in the basement, of which 1,622 square feet is finished. The dwelling has an attached three (3) car garage.

Appellant purchased the subject in May 2018 for \$360,000. Appellant challenged that the current market sales do not support subject's assessment. In support of a lower assessment, Appellant has provided information on three (3) sales which transpired between 2018 and 2019, with sale prices ranging from \$360,000 to \$377,900. The sale residences were generally similar to subject in terms of square footage, utility, effective age and lot size. However, no apparent adjustments were made for time of sale or any of the property dissimilarities, and little information was provided as to the quality of construction and condition of the dwellings.

Appellant further questioned Respondent's use of time and effective age adjustments applied to the comparable sales and the apparent blanket increase to assessments. Appellant contends the adjustments are inflated and not supported by current market data.

Respondent offered sales information in support of its assessment. Respondent analyzed three (3) residential sales which occurred during 2018. The sales were all located between 2.4 and 2.7 miles from subject. Details concerning the physical attributes of the sale properties were somewhat limited, though Respondent reported the sale residences ranged in size from 3,292 square feet to 3,530 square feet and had an effective age from 12 to 13 years. The sale prices ranged from \$321,000 to \$365,000. Respondent first adjusted the prices for time of sale. Next, each sale property was directly compared to subject, and

adjustments were made for the differences in property characteristics. After all appraisal adjustments, Respondent concluded adjusted sale prices ranging from \$389,766 to \$431,594, or from \$102 to \$112 per square foot. Subject is assessed at \$401,605, or roughly \$120 per square foot.

CONCLUSIONS OF LAW

This Board's goal in its proceedings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered the evidence submitted by the parties in support of their respective positions, hereby enters the following conclusions.

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 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 the 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. However, not all sales provided by Appellant were timely. Appellant provided three (3) sales, two (2) occurring in 2018 and one (1) occurring after the assessment date of January 1, 2019. While the Board appreciates the commonality of the 2019 sale to subject in both the dwelling characteristics and proximity, this sales data did not exist as of the 2019 assessment date, and therefore this information would not have reflected the market factors a knowledgeable buyer or seller could have been aware of as of January 1, 2019. However, the two (2) sales occurring in 2018, along with Subject's purchase in May 2018 for \$360,000, were factored into the Board's consideration of subject's most probable selling price. The two (2) timely 2018 sales were of similar square footage, utility, effective age, and lot size, and sale prices ranged from \$360,000 to \$362,000. Appellant's 2018 purchase price of \$360,000 appears to fall in line with these similar properties.

As to Appellant's concerns regarding time adjustments and the effective age adjustments used by Respondent, it is claimed the adjustments are not derived from market transactions, and older sales are used to necessitate large effective age adjustments, thus inflating improvement values. While the Board understands these concerns, Respondent's explanation of how adjustments were developed for the 2019 assessment, though limited, were not found to deviate from standard appraisal practice.

In support of subject's assessment, Respondent provided information on three (3) recent sales in support of its assessment. Sales appear to be similar in design, quality and gross square footage. However, with the effective ages of 12 and 13 years, respectively, the sale dwellings are all notably older than subject's effective age of two (2) years, necessitating

rather 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 market transaction is often the most relevant data in developing assessed values 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 generally provided sales that appear to be more comparable in size, age, utility and are deemed to better represent subject's most probable selling price. As such, the Board will reduce subject's assessed value to \$360,000. 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 \$360,000, with \$60,750 attributable to the land, and \$299,250 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 30th day of March, 2020.