

BEFORE THE IDAHO BOARD OF TAX APPEALS

KAREN KUSTER,)	
)	
Appellant,)	APPEAL NO. 19-A-1420
)	
v.)	FINAL DECISION
)	AND ORDER
BANNOCK COUNTY,)	
)	
Respondent.)	
)	
)	
)	

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. RPRPNXT004100. The appeal concerns the 2019 tax year.

This matter came on for telephonic hearing April 8, 2020, before Hearing Officer Travis VanLith. Appellant Karen Kuster was self-represented. County 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 \$39,744, and the improvements' value is \$91,674, totaling \$131,418. Appellant contends the land value is \$32,000, and the improvements' value is \$84,884, totaling \$116,884.

The subject property is a .42 acre lot located within the city limits of Pocatello, Idaho. The lot is improved with a 1,816 square foot ranch-style residence constructed in 1950. The residence consists of 1,036 square feet on the main floor and 780 square feet in the basement,

of which 144 square feet are finished. The property is further improved with a detached garage.

Appellant questioned the 2019 increase to subject's assessment. Appellant contended that market sales did not support such a large increase. In support of a lower assessment, Appellant provided information on three (3) sales which occurred in 2018. Sale No. 1 was a .2 acre lot which sold on November 16, 2018 for \$117,900. The property was improved with a 1,000 square foot residence constructed in 1949. Sale No. 2 was a .24 acre lot which sold on March 10, 2018 for \$118,000. The property was improved with a 1,200 square foot residence constructed in 1950. Sale No. 3 was a .2 acre lot which sold on November 14, 2018 for \$130,000. The property was improved with a 1,092 square foot residence constructed in 1959.

Appellant additionally disputed the total finished square footage being assessed by Respondent. On record, subject was assessed for 1,180 total finished square feet, while Appellant contended the actual finished square footage was 1,138 square feet, a difference of 42 square feet which were located in the basement. In Respondent's view, such a small square footage variance would have little affect on subject's overall assessed value; it would warrant a total decrease of approximately \$4,000.

Respondent likewise provided sales information in support of its assessment. Respondent analyzed three (3) sales which occurred in 2018. The sale properties were .28 to .30 acres in size and were located 1.3 miles or less from subject. Respondent reported the sale residences ranged in size from 1,056 to 1,354 square feet and were constructed between 1923 and 1954. The sale prices ranged from \$127,500 to \$164,900. Respondent first adjusted

the prices for time of sale. Next, Respondent directly compared each sale property to subject and applied adjustments for differences in property characteristics. Respondent reported value conclusions between \$136,753 and \$186,990, or roughly \$116 to \$159 per square foot. In comparison, subject is assessed at \$131,418, or roughly \$111 per square foot.

Respondent provided information on seven (7) additional sales to further illustrate market trends and average sale prices in subject's general neighborhood. Sales were generally similar to subject in lot size, square footage, and effective age and were located three (3) miles or less from subject. Respondent reported sale prices ranging from \$110,000 to \$164,900. Once time and location adjustments were applied, resulting value indications were between \$97,223 and \$173,303. Respondent noted only two (2) of the ten (10) sales indicated a dollar per square foot value lower than subject's \$111 per square foot.

Respondent described the market conditions in Bannock County as inflationary for the last several years. While the market had been increasing each year, subject's assessment, and those of many others, had remained relatively stagnant from 2012 to 2018. As a result, Respondent had to apply large market increases, in some areas as much as 80%, to bring assessment levels to their current market value.

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 differences in the property characteristics between the subject and the sale properties.

Both parties developed an opinion of value utilizing the sales comparison approach. Appellant provided information on three (3) sales of properties that were generally similar to subject in terms of lot size, finished square footage, and dwelling effective age. The sales were all timely and located near subject; however, the Board found none of the sales reported had basements, which may account for their sale prices being lower than subject's 2019 assessed value. The Board finds that, even unfinished, the presence of a basement does increase the market value of a residence. Subject is also approximately 700 square feet larger than all three (3) sales.

Respondent provided information on three (3) timely sales from subject's market area. The sale residences were generally similar to subject in finished square footage, dwelling

effective age and lot size. Respondent adjusted for any variances in property characteristics. The net adjustments ranged from -1% to 13%, suggesting a high level of comparability to subject.

Turning to the discrepancy of finished square footage in the basement, Appellant reported 102 square feet of finish compared to Respondent's 144 square feet. The Board finds the actual square footage should be reflected in Respondent's valuation.

In accordance with Idaho Code § 63-511, the burden is with the Appellant to establish Respondent's valuation is erroneous by a preponderance of the evidence. The Board finds the burden of proof satisfied in this instance; however, we did not find adequate support for the value petitioned by Appellant. Appellant provided sales information for the review, but none of the sale properties had basements and were smaller in square footage than subject. Even so, all three (3) properties sold for prices higher than the value requested by Appellant. Respondent provided ten (10) sales that, once adjusted, were supportive of subject's 2019 assessment. Based on the timely sales information in the record, plus consideration for subject's actual finished square footage, the Board will reduce subject's assessed market value to \$127,418. The value decision of the Bannock County Board of Equalization is modified.

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 to \$127,418, with the value reduction attributable 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 5th day of May, 2020.