

BEFORE THE IDAHO BOARD OF TAX APPEALS

LYNN PAYNE,)	
)	
Appellant,)	APPEAL NO. 19-A-1298
)	
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. RPRRBGA001000. The appeal concerns the 2019 tax year.

This matter came on for telephonic hearing April 7, 2020, before Hearing Officer Travis VanLith. Appellant Lynn Payne 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 affirmed.

FINDINGS OF FACT

The assessed land value is \$72,603, and the improvements' value is \$314,252, totaling \$386,855. Appellant did not have a requested value claim.

The subject property is a 4.28 acre parcel located in a rural subdivision on the outskirts of Pocatello, Idaho. The property is improved with a two-story residence that was constructed in 1990. The home consists of 1,522 square feet on the main floor, 1,972 square feet on the

upper floor, and 1,064 square feet of unfinished basement. The property is further improved with several outbuildings, including a 2,432 square foot detached garage with 1,140 square feet on an upper level.

Appellant questioned the increase in subject's assessment and contended Respondent's methodology of using comparable sales is not a fair way to develop values. Appellant challenged Respondent's choice of comparables, stating they were all newer homes and as such do not reflect subject's value.

Appellant further challenged subject's value increase was attributed to the high-end developments being built in subject's neighborhood. Appellant contended the older homes are being over-taxed due to these nearly-million-dollar homes being built nearby. Respondent asserted the comparables used to set subject's value were homes of similar age and quality to subject and not the high-end builds.

In support of its assessment, Respondent provided information on ten (10) sales that occurred in 2017 and 2018. The sales, while not directly compared to subject, were presented to illustrate market trends and average sale prices in subject's general neighborhood. The sale properties ranged in size from .78 to 4.85 acres and were located eighteen (18) miles or less from subject. The properties were improved with residences constructed between 1953 and 2000 and ranged in size between 1,431 and 2,564 square feet. Sale prices were between \$199,900 and \$315,000. Respondent applied time and location adjustments, which resulted in value indications between \$243,276 and \$391,830.

Respondent selected three (3) of the ten (10) sales to compare directly to subject. Sale No. 1 was a 2.89 acre property located 2 miles from subject which sold on October 9, 2018 for \$270,000. The property was improved with a 2,532 square foot residence constructed in 1985.

Sale No. 2 was a 1 acre property located 1 mile from subject which sold on November 21, 2017 for \$269,500. The property was improved with a 2,564 square foot residence constructed in 1976. Sale No. 3 was a .78 acre property located .5 miles from subject which sold on September 20, 2018 for \$315,000. The property was improved with a 2,408 square foot residence constructed in 2000. Respondent described the market conditions in Bannock County as inflationary; as such, time adjustments were necessary to bring sale prices relevant to the January 1, 2019 assessment date. Next, Respondent directly compared the sales to subject and applied adjustments for any differences in the property characteristics. Once all appraisal adjustments were applied, Respondent reported value conclusions between \$506,148 and \$545,891, or roughly \$145 to \$156 per square foot. In comparison, subject is valued at \$386,855, or roughly \$111 per square foot.

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

Appellant challenged Respondent's methodology of utilizing sales to develop assessed values. The Board understands this can be a difficult concept as appraisal is not an exact science, rather an opinion of value. Respondent utilized statistical analysis on nearly 1,000 sales from Bannock County to develop the 2019 assessed values.

Appellant contended subject's value should not be affected by newly constructed, high-end developments nearby. While subject was not directly compared to these high-end homes in Respondent's analysis, the construction of higher quality homes does have an affect on all properties within the neighborhood. It is well understood by the Board the principal of progression, which states the value of less expensive properties will increase when more expensive properties come into the area. In essence, higher end properties can increase the value of a less expensive home due to the increased desirability, better amenities, lesser crime rates, etc.

Respondent utilized sales information to develop a valuation using the sales comparison approach to value. While this sales data represented the only market information on record, the Board identified some concerns. While the age of the sale residences were relatively similar to subject, that's where the similarities end. The sale properties are all smaller in lot size and dwelling square footage, which necessitated rather large adjustments. Gross adjustments ranged from 67% to 81%, suggesting a high level of dissimilarity to subject. Additionally, with

value conclusions of \$506,148 to \$545,891, the Board failed to see a correlation between these values and subject's assessed value of \$386,855. The Board would have preferred more explanation of the relationship between sales and subject.

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 did not find the burden of proof satisfied in this instance. While the Board understands Appellant's frustration toward the increasing assessed values and resulting taxes, Respondent's methodology was not found to be in error. While there were concerns with certain aspects of Respondent's analysis, this information represented the only market value evidence presented in the record. Appellant failed to provide evidence that would persuade the Board that subject was assessed in excess of its fair market value.

The decision of the Bannock County Board of Equalization is affirmed.

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, AFFIRMED.

DATED this 5th day of May, 2020.