

BEFORE THE IDAHO BOARD OF TAX APPEALS

RICHARD AND JUDY WABREK,)	
)	
Appellants,)	APPEAL NO. 19-A-1452
)	
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 the valuation for taxing purposes on property described as Parcel No. RPRPMMD002400. The appeal concerns the 2019 tax year.

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. Appellants Richard and Judy Wabrek were self-represented. 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 parcel.

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 \$201,322, totaling \$262,072. Appellants agree with the assessment of the improvements, however, contends the land value is \$51,750, for a total of \$253,073.

The subject property is a .387 acre residential parcel located in south Pocatello, Idaho, in the Johnny Creek area. The property is improved with a multi-level residence constructed in

1986. The residence consists of 1,176 square feet on the main level, 1,674 square feet on the upper level, and 906 finished square feet in the basement. The property is further improved with an attached three (3) car garage.

Appellants challenged subject's land assessment on the basis it increased by a higher percentage than other parcels in the area. According to information provided by Respondent, land values in the Johnny Creek area were trended upward by 15% for the 2019 assessment year. Subject's land value, however, increased 35%, from \$45,000 to \$60,750, which, in Appellants' view, was strong evidence of inequitable assessment. Appellants petitioned subject's land value should only increase the same 15% as other lots in the Johnny Creek area.

In support of subject's assessment, Respondent offered information and analysis concerning three (3) improved residential properties which sold during 2018. The sale properties were generally representative of subject in terms of lot and residence size. Sale prices ranged from \$315,000 to \$329,000. Respondent first applied an upward time adjustment to each sale price to reflect pricing levels on January 1, 2019, the date of assessment. The sale properties were then directly compared to subject, and further adjustments were made for differences in property characteristics, such as location, effective age, construction quality and square footage. The adjusted sale prices ranged from \$308,525 to \$358,221, or from roughly \$82 to \$95 per square foot. In comparison, subject is assessed for \$262,072, or roughly \$70 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. The sales comparison approach, the cost approach, and the income approach comprise the three (3) primary methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach.

Respondent developed a sales comparison approach using three (3) recent sales. Though size of the sale residences and lots were generally similar to subject's, the similarities appeared to end there. All the sale residences were superior in construction quality to subject's residence, which required notable adjustments in Respondent's analysis. Respondent also applied notable location adjustments. In all, gross adjustments ranged from roughly 29% to 38%. Such adjustment percentages suggest a level of physical dissimilarity between subject and the sale properties, and tends to reduce the reliability of the resulting value indications. With adjusted sale prices ranging from approximately \$308,000 to \$358,000, it was not apparent to the Board how the sales analysis offered good support for subject's assessment of roughly \$260,000. In short, there were too many questions concerning the comparability of the sale properties for the Board to rely too heavily on this data.

Rather than develop a value opinion using one (1) of the recognized appraisal approaches, Appellants instead advanced an inequitable assessment argument. Appellants cited data published on the Bannock County website, which broke down the specific trend factors applied to various neighborhood areas. According to this data, the trend factor applied to land values in the subject's Johnny Creek area was 15%. Appellants contended subject's land, which increased in value by 35%, was inequitably assessed compared to other parcels in the neighborhood. We agree.

Respondent did not address Appellants' concerns with respect to the disparity in the trend factors in the Johnny Creek area. "Although uniformity in imposition of the tax burden is the goal, mathematical precision is, as a practical matter, impossible to achieve. 'Individual irregularities and inequality in taxation will always exist. It is a process which cannot be reduced to an exact science. The law does not require exactitude, but it does require [a practical] uniformity.'" *Xerox Corp. v. Ada Cnty. Assessor*, 101 Idaho 138, 142, 609 P.2d 1129, 1133 (1980), quoting *Anderson's Red & White Store v. Kootenai Cnty.*, 70 Idaho 260, 265, 215 P.2d 815, 818 (1950). Though the reason for the disparate assessment is unknown, it seems clear subject's lot was not uniformly assessed in this instance.

In appeals to this Board, the Appellants bear the burden of proving error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. Given the evidence in this matter, the Board finds the burden of proof satisfied. The record demonstrated subject's land value increased 35%, whereas other land values in the Johnny Creek area increased only 15%. It is not known why subject's land value was trended differently; however, the Board finds sufficient cause to reduce subject's land value to match the trend factor applied to other parcels

in the neighborhood.

Based on the above, the decision of the Bannock County Board of Equalization is reversed, to reflect a decrease in subject's land value to \$51,750, with no changes to the value of the improvements.

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, to reflect a decrease in subject's land value to \$51,750, with no change in the improvements' value of \$201,323, for a total value of \$253,073.

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 Appellants.

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 31st day of March, 2020.