

BEFORE THE IDAHO BOARD OF TAX APPEALS

BONNER MORRISON,	)	
	)	
Appellant,	)	APPEAL NO. 22-A-1122
	)	
v.	)	FINAL DECISION AND ORDER
	)	
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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**RESIDENTIAL PROPERTY APPEAL**

This appeal was taken from a decision of the Bannock County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPRRTCE001500. The appeal concerns the 2022 tax year.

This matter came on for hearing October 4, 2022, in Pocatello, Idaho, before Board Member Leland Heinrich. Appellant Bonner Morrison was self-represented. Bannock County Chief Deputy Assessor Anita Hymas represented Respondent.

Board Members Leland Heinrich and Kenneth Nuhn join in issuing this decision.

**The issue on appeal concerns the market value of an improved rural residential property.**

**The decision of the Bannock County Board of Equalization is modified.**

FINDINGS OF FACT

The assessed land value is \$41,553, and the improvements' value is \$492,314, totaling \$533,867. Appellant contends the correct total value is \$456,000.

The subject property is a .51 acre parcel located in a rural subdivision on the outskirts of Lava Hot Springs, Idaho. The property is improved with a 3,239 square foot

residence built in 2005 which includes 1,687 square feet on the main floor and 1,552 square feet in the fully finished basement. The residence also includes a 905 square foot attached garage. The property is further improved with a 1,344 square foot detached garage.

Appellant first discussed an error in subject's square footage. According to the county's record of subject, there are 1,699 square feet above grade and 1,699 square feet below grade, totaling 3,398 square feet. Appellant provided "as built" plans submitted to and approved by Bannock County during subject's construction which shows actual square footage with above grade area of 1,687 square feet and below grade area of 1,552 square feet, for a total of 3,239 square feet. Respondent stated residences are measured from the exterior for assessment purposes to ensure all are measured equitably, implying Appellant's lesser size figure may reflect interior measurements.

Appellant provided the comparable sales Respondent presented at the Board of Equalization hearing, which Respondent also submitted to this Board. Appellant shared concerns with the sales, starting with land acreage and valuation. Appellant was first concerned the comparable properties had considerably more acreage than subject: Sale Nos. 1 and 2 at nearly three (3) times subject's acreage and Sale No. 3 at just over fifteen (15) times the acreage of subject. The sales' acreages totaled 1.41, 1.40, and 7.55 acres, respectively, while subject has just .51 acres. Appellant shared Sale Nos. 1 and 2 had land values of just over \$60,000 each and Sale No. 3 had a land value of \$95,688, compared to subject's land assessed value of \$41,553. Appellant was especially concerned Sale Nos. 1 and 2 most closely approximated subject's size and were valued

at approximately \$40,000 per acre. Appellant asserted this was evidence subject's land is overvalued in comparison, and that Sale No. 7 was severely undervalued.

Also regarding Respondent's sales, Appellant was concerned Sale No. 2 included an outbuilding which had comparable square footage to subject's detached garage, but it was only valued at one-half ( $\frac{1}{2}$ ) of what subject's garage is assessed at, \$19,730 compared to \$40,830. Appellant pointed out subject is located in a community with a shared well, and additionally shared Respondent's Sale No. 1 has its own well, is not in a neighborhood with an HOA like subject, and has a creek running through the front yard. Appellant asserted Sale No. 2 is also not subject to HOA rules and has its own well. Sale No. 3, according to Appellant, has a residence which was remodeled prior to its sale, has its own well, and has over seven (7) acres available for potential development. All these factors, Appellant argued, affect marketability and sale price.

Appellant additionally provided 2020 assessed land values for four (4) parcels within two (2) miles of subject. Appellant stated Comparable Nos. 1, 2, and 3 are residential parcels located directly across the street from subject. Comparable No. 1 was 1.19 acres and had a 2020 assessed land value of \$98. Comparable No. 2 was 1.31 acres and had a 2020 assessed land value of \$104. Comparable No. 3 was 1.40 acres and had a 2020 assessed land value of \$120. Comparable No. 4 was 5.54 acres and had a 2020 assessed land value of \$539. Comparable No. 5 was 40.02 acres and had a 2020 assessed land value of \$13,387. Appellant additionally shared two (2) other assessments with land values of \$0. Appellant shared the two (2) parcels are one (1) property which has been operated as an RV park with a residence on the property and multiple other

improvements. The property totals 59.98 acres. Appellant also referenced a similar RV park property which is currently listed for \$19,000,000.

Respondent explained assessments for residential properties in Bannock County are derived using mass appraisal techniques, where all sales are compiled, stratified by area, and compared to last year's assessed values to determine if any adjustments are necessary to be as close to market value as possible, as required by Idaho code. This is done by neighborhood throughout the county. Improved properties are classified by residence type, grade, size, and age using a computer-assisted mass appraisal system which accounts for all amenities. Respondent explained a sales comparison was performed to validate subject's assessed value which was calculated using the mass appraisal techniques. Respondent made market-supported time adjustments for dates of sale. Respondent asserted the three (3) comparable sale properties were similar in age, quality, and acreage to subject; however, Appellant earlier disagreed that they were similar in acreage.

Sale No. 1 sold in August 2021 for \$470,000, or roughly \$151 per square foot. The 1.41 acre property was improved with a 3,590 square foot residence. The property further had a detached outbuilding valued at \$31,680, but details were unclear as to the building's use. Respondent reported a time-adjusted price of \$499,375 for this sale. Sale No. 2 sold in March 2021 for \$480,000, or roughly \$174 per square foot. The 1.40 acre property was improved with a 2,664 square foot residence and an attached garage with undisclosed square footage. This property also had a detached outbuilding, but details were mostly unclear for this structure valued at \$19,730. Respondent reported a time-adjusted price of \$540,000 for this sale. Sale No. 3 sold in November 2021 for \$645,000, or roughly \$220

per square foot. The 7.55 acre property was improved with a 3,240 square foot residence and an attached garage with undisclosed square footage. The property also had a detached outbuilding with unknown details on the structure valued at \$13,290. From the photo provided, it appeared the residence had a walkout basement. Respondent reported a time-adjusted sale price of \$661,125 for this property. In comparison, subject is .51 acres, its residence is assessed at roughly \$133 per square foot using the county record's square footage of 3,398, and the total 2022 assessment is \$533,867.

Respondent also commented on some of Appellant's concerns with the sales. Respondent explained outbuildings may be pole buildings without concrete or otherwise not comparable to a detached garage like subject's. Respondent also explained most of a parcel's land value is in its first acre, with additional acreage contributing value at a declining rate. Therefore, not every parcel will be valued the same rate per acre. Paving, location, and other features also affect land value. Respondent lastly stated subject is a uniquely small parcel in the neighborhood, which is why larger parcels were used in the sales analysis.

### 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, 2022, 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 subject and the sale properties.

Respondent provided a sales analysis which compared three (3) recent sale properties to subject, but no adjustments were made for different property characteristics. The Board generally prefers a more traditional analysis where adjustments are made for more than just the date of sale. However, Respondent did provide the only sales data in the record. And while the properties had much larger acreages than subject, it was clear to the Board they were otherwise similar in terms of residence style, square footage, age, and location. The sales analysis yielded time-adjusted sale prices of \$499,375 to \$661,125. Subject’s current assessed value is \$533,867.

Appellant did not perform a traditional valuation approach to support the requested value reduction. Instead, Appellant discussed a discrepancy in square footage, critiqued Respondent’s sales analysis, and provided assessments of nearby properties. Respondent explained at length how the sales comparison analysis considered differences between subject and the sale properties. A comparison of assessed values is not a recognized appraisal approach which would lead to an accurate estimation of

subject's current value, especially where the assessment information is two (2) years old. The Board was, however, concerned with the incorrect square footage on the subject's record which was used in its assessment.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The Board found the burden of proof satisfied in this instance, and will lower subject's assessed value, but not to the extent Appellant requested. After reviewing the blueprint for subject's residence, the Board determined an adjustment needs to be made to reflect the correct total area of 3,239 square feet. The Board will adjust the residence's value, using the county's valuation rate of \$133 per square foot, to \$430,787.

#### 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 \$513,170, with the value to be allocated as followed:

Land:	\$ 41,553
Residence:	\$430,787
<u>Detached Garage:</u>	<u>\$ 40,830</u>
Total:	\$513,170

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 19<sup>th</sup> day of January, 2023.