

BEFORE THE IDAHO BOARD OF TAX APPEALS

GORDON AND MARLA POLATIS,)	
)	
Appellants,)	APPEAL NO. 22-A-1126
)	
v.)	FINAL DECISION AND ORDER
)	
BINGHAM COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bingham County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP0255111. The appeal concerns the 2022 tax year.

This matter came on for hearing October 3, 2022, in Blackfoot, Idaho, before Board Member Leland Heinrich. Appellants Gordon and Marla Polatis were self-represented. Bingham County Appraiser Debbie Cunningham represented Respondent.

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

The issues on appeal concern the market value of an improved residential property.

The decision of the Bingham County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$63,407, and the improvements' value is \$297,213, totaling \$360,620. Appellants contend the correct land value is \$45,000, and the improvements' value is \$180,000, totaling \$225,000.

The subject property is an 11.88 acre mixed use parcel located in Blackfoot, Idaho. 7.88 acres are valued as irrigated agricultural land, one (1) acre has a \$0 value as waste land, two (2) acres are assessed at \$146 total as dry grazing land, and the remaining acre is assessed as a residential homesite at \$55,000. The property is improved with a 2,060 square foot single-level manufactured residence which was built around 1980 and then added onto in 1987. The residence includes a 720 square foot attached garage, and the property is further improved with a 2,400 square foot shop.

Appellants shared subject's residence is a manufactured home located in a flood plain area. Respondent clarified that a portion of the residence is a manufactured home, and the remainder is a stick-built structure with a foundation. Respondent testified a little less than one-half ($\frac{1}{2}$) of the residence was stick-built with a foundation. Appellants also provided a history of subject's assessments and expressed concern the assessed value has increased 71% in four (4) years, from \$206,000 in 2018, with a 14.1% increase from 2021 to 2022.

Appellants opposed the use of sales to determine subject's value, as Appellants believed the market is "overvalued." Appellants shared five (5) property assessments from 2021 which were believed to demonstrate subject's 2022 assessed value was overstated. Appellants reported subject's assessment rate is \$175 per square foot, which was calculated by dividing the residence's square footage by the full assessment amount. The comparable properties were all located within 1.5 miles of subject according to Appellants, ranged in size from 1.0 to 1.84 acres, and were improved with residences from 1,440 to 3,000 square feet in size. Assessed values for 2021 ranged from \$123,610 to \$207,632, or roughly \$62 to \$98 per square foot. The average assessment rate of the

properties was calculated at approximately \$85 per square foot, which Appellants applied to subject's square footage to request a new assessed value of \$175,000 for subject.

Respondent stated subject's residence is valued as a stick-built home because the manufactured section cannot be easily moved due to the added-on, stick-built portions. Respondent also shared the assessor's office is required by statute to use sales to determine market values. Respondent provided three (3) recent sales to support subject's assessed value. Respondent adjusted all the sales for differences between subject and the sale properties. Sale No. 1 sold in August 2021 for \$355,000. The .36 acre property was improved with a 1,696 square foot residence built in 1976 with a 368 square foot garage. The adjusted value was \$382,000. Sale No. 2 sold in August 2021 for \$389,900. The 2.0 acre property was improved with a 2,196 square foot residence built in 1920 with a 438 square foot garage. The adjusted value was \$370,051. Sale No. 3 sold in March 2021 for \$369,700. The 1.0 acre property was improved with a 1,918 square foot residence built in 2010 with no garage. The adjusted value of this sale was \$381,700. Respondent shared they only compared these sales with the residential portion of subject's valuation, which included only 2.0 acres of land and the residence value, which totaled \$335,474.

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 the subject and the sale properties.

Appellants did not perform a traditional appraisal approach to support a reduction in subject’s assessment. Appellants instead focused on a comparison of assessed values. While the Board appreciates information regarding values in subject’s neighborhood, comparing assessments is not a recognized appraisal approach that would lead to an accurate representation of subject’s market value. The Board was also pressed to find subject was inequitably assessed from the provided assessments, which were from 2021, not the relevant 2022 tax year.

However, the Board was persuaded Respondent did not give enough consideration to the original section of the home being a manufactured home without a foundation. Where Appellant’s analysis of comparable property assessments centered mostly on manufactured residences, Respondent focused solely on sales of stick-built

residences. Neither truly represents the status of the subject's residence, and where Respondent stated at hearing the residence is assessed wholly as a stick-built residence with a foundation, the Board finds an adjustment is in order. The Board will reduce the improvements' value by \$30,000 to account for the half-manufactured-home status of the residence.

In accordance with Idaho Code § 63-511, the burden is with Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. The Board found the burden of proof satisfied, but not to the extent requested by Appellants. The Board found Respondent did not sufficiently consider the residence's unique attributes when valuing subject's improvements. One-half ($\frac{1}{2}$) of the residence is a manufactured home with no foundation, which are typically built to lower quality standards than stick-built residences. Therefore, the Board will lower subject's valuation by \$30,000. The decision of the Bingham County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bingham County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease to \$330,620, with \$63,407 attributable to the land and \$267,213 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 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 13th day of February, 2023.