

BEFORE THE IDAHO BOARD OF TAX APPEALS

GORDON AND MARLA POLATIS,	)	
	)	
Appellants,	)	APPEAL NO. 22-A-1127
	)	
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. RP0255112. 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 affirmed.**

FINDINGS OF FACT

The assessed land value is \$55,739, and the improvements' value is \$768,660, totaling \$824,399. Appellants contend the correct land value is \$40,000, and the improvements' value is \$610,000, totaling \$650,000.

The subject property is a 2.03 acre parcel located in Blackfoot, Idaho. One (1) acre is assessed at \$739 as irrigated grazing land, and the remaining acre is assessed as a

residential homesite. The property is improved with a 3,825 square foot residence built in 2019. The residence additionally includes a 1,300 square foot attached garage.

Appellants stated the use of sales to determine subject's value would be inaccurate since the market is "overvalued." Appellants shared ten (10) property assessments from 2021 which were argued to demonstrate subject's 2022 value was overstated. Appellants reported subject is assessed at approximately \$215 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 from subject according to Appellants, ranged in size from 1.0 to 6.63 acres, and were improved with residences from 3,793 to 6,100 square feet in size. Assessed values for 2021 ranged from \$406,641 to \$852,530, or roughly \$85 to \$149 per square foot. The average assessment rate of the properties was calculated at approximately \$125 per square foot, which Appellants applied to subject's square footage to request a new value of \$480,000 for subject.

Appellants additionally provided a history of subject's assessments and expressed concern the assessment amount has increased 17% in two (2) years, from \$701,139 in 2020. From 2021 to 2022, the value increased 15.2%.

Respondent described subject's residence as a large, custom-built, luxury home. Respondent testified a physical inspection has never been allowed on the subject property, so Respondent had to rely on building permits and floor plans acquired from the planning and zoning department to determine subject's attributes and develop an assessed value.

Because of subject's unique, custom-built attributes, Respondent had difficulty finding comparable sales. Respondent explained this was why larger sale residences

were utilized. Sale No. 1 sold in June 2021 for \$835,000. The 1.20 acre property was improved with a 5,100 square foot residence built in 1993 with a 1,158 square foot garage. Respondent adjusted for differences between subject and the sale property and reported an adjusted value of \$704,348. Sale No. 2 sold in August 2021 for \$850,000. The 5.02 acre property was improved with a 5,970 square foot property built in 2004 with a 924 square foot garage. The adjusted value was \$751,350. Respondent shared these sales were compared with only the residential portion of subject's valuation, which excluded the one (1) acre of irrigated grazing land. The residential value being compared to the sales, then, was \$823,660.

To further support subject's value is equitable, Respondent provided three (3) property assessments from 2022. These were not used to set subject's value; rather, they were presented at hearing in an attempt to assuage Appellants' concerns about inequitable assessment. Property No. 1 was was a 5.02 acre parcel assessed at \$910,588. The property was improved with a 3,392 square foot residence built in 2010 and a 2,033 square foot garage. Like with the sales comparison analysis above, Respondent adjusted for differences to make the properties comparable with subject. The adjusted assessed value was \$862,250. Property No. 2 was a 5.05 acre parcel assessed at \$977,301. The property was improved with a 6,189 square foot residence built in 2006 and a 1,600 square foot garage. The adjusted assessed value was \$867,300. Property No. 3 was a 8.72 acre parcel assessed at \$972,906. The property was improved with a 5,810 square foot residence built in 2015 and a 1,582 square foot garage. The adjusted assessed value was \$766,500.

## 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.

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

strained to find subject was inequitably assessed from the provided assessments, which were from 2021, not the relevant 2022 tax year.

Respondent likewise provided assessments for the Board's consideration; however, unlike Appellants, Respondent made adjustments to make the properties more comparable to subject. Importantly, the assessments were provided along with comparable sales, not on their own. Respondent provided two (2) comparable sales which sold for adjusted prices of \$704,348 and \$751,350, as well as three (3) 2022 property assessments with adjusted values of \$862,250, \$867,300, and \$766,500. Subject's current assessed value is \$824,339. While the assessment analysis was interesting, it was afforded minimal weight in the Board's consideration of subject's values because the analysis was based on assessed values, not sales, as required in the sales comparison approach. Respondent did, however, provide the only market data in the record, which overall supports subject's current market value. There was no evidence in the record to support the extreme reduction requested by Appellants.

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 burden of proof was not satisfied in this instance. Appellants' analysis focused on 2021 assessment values, which are irrelevant for purposes of determining subject's 2022 valuation. Additionally, a comparison of assessed values is not a recognized appraisal approach designed to reach a fair valuation for a property. Where Respondent provided the only market data in record, the Board will affirm the decision of the Bingham County Board of Equalization.

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, AFFIRMED.

DATED this 13<sup>th</sup> day of February, 2023.