

BEFORE THE IDAHO BOARD OF TAX APPEALS

PHILIP C. AND ANNE C. BEROLZHEIMER)	
LIVING TRUST,)	
)	APPEAL NO. 22-A-1080
Appellant,)	
)	FINAL DECISION AND ORDER
v.)	
)	
FREMONT COUNTY,)	
)	
Respondent.)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Fremont County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP08N42E181950. The appeal concerns the 2022 tax year.

This matter came on for telephonic (Zoom) hearing November 30, 2022, before Board Member Leland Heinrich. Trustee Philip Berolzheimer appeared at hearing for Appellant. Fremont County Assessor Carol Blanchard represented Respondent.

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

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

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

FINDINGS OF FACT

The assessed land value is \$37,107, and the improvements' value is \$960,316, totaling \$997,423. Appellant contends the correct land value is \$34,839, and the improvements' value is \$719,800, totaling \$754,639.

The subject property is a forty (40) acre parcel located in St. Anthony, Idaho. Thirty-nine (39) of subject's acres are specially valued as land devoted to agriculture; the remaining acre is subject's residential homesite. The homesite is improved with a 6,248 square foot residence built in 2014 which includes 3,124 square feet on the main floor and 3,124 finished square feet in the basement. The basement also includes 186 unfinished square feet of cold storage area. The residence is further improved with an 899 square foot attached garage and a 435 square foot basement garage. Subject also includes roughly 1,578 square feet of decking.

Appellant expressed many concerns with how subject is assessed, mostly based around Respondent's presentation at the board of equalization (BOE) hearing. Appellant believed Respondent was not considering residence size in its assessments, because Respondent stated "properties are valued as fair as we can get them according to the property, not by square footage." This concerned Appellant, who noted Idaho Code specifically mentions improvement size as a feature which influences market value. Appellant, though believing size is not a factor in assessment, also shared concern residences are measured from the outside, which would result in a measurement over the interior usable space and potentially inflate the assessed value. Appellant asserted the residence's actual size is 6,100 square feet.

Appellant shared subject's value increased by "over 36%" and shared "independent reports" which indicated different rates of increase for Fremont County: 15.5%, 22%, 3.8%, and 20.2%. It was not clear which was accurate, as they were so varied. Excluding the 3.8% rate as an outlier, Appellant calculated the average increase

among the reports at 18.3% and expressed concern subject's valuation increase was nearly double the average reported increase.

Appellant stated comparing subject's assessed value with sale values is not comparing apples to apples, and Respondent "should be forced to compare only the assessed values of the properties." Appellant provided assessed values for the six (6) sales Respondent provided at the BOE hearing, which were the first six (6) improved sales presented by Respondent at this hearing, noting the average assessment rate was \$118 per square foot while subject is assessed at \$157 per square foot. Appellant took the average rate of \$118 per square foot and applied it to the 6,100 square foot figure for subject's residence, resulting in a value indication of \$719,800, which is the requested improvement value in this appeal.

Respondent explained Idaho Code requires the county to set assessments each year at market value, unless a property is specially exempted. Respondent reported the county saw sale price increases of mostly 20% to 45%, not the average of 18% reported by Appellant. Idaho is a non-disclosure state, and not all sales that transpire are available to the county. Respondent stated it can only use sales which are able to be verified with the buyer or through MLS. Respondent explained very few sales are reported to the assessor's office that are similar in classification to subject in subject's area. Because of this, the sales Respondent utilized in its analysis varied in classification, square footage, and other characteristics.

Respondent provided limited verbal testimony regarding vacant parcels. The properties were between 1.29 and 5.6 acres in size and sold for \$32,500 to \$105,000.

The sale dates, rates, and other details were not shared. It was also not clear how many properties were being referenced.

Respondent provided information on seven (7) improved sales to support subject's assessed value. The properties sold from August to December 2021 with sale prices between \$649,900 to \$2,350,000. The properties were 1.43 to 8.95 acres in size, with residences with above ground areas of 1,550 to 4,290 square feet built between 1982 and 2021. The residences had values between \$602,450 and \$2,166,790, or roughly \$244 to \$605 per above ground square foot. Construction classes ranged from class four (4) to class six (6), and market grades ranged from fair to excellent. Subject's 2014 residence, class six (6) with a good market grade, is assessed at roughly \$307 per above ground square foot.

Respondent explained improved Sale Nos. 1 and 2 were the strongest comparable sales to subject because they had the same construction class as subject and were most similar in quality. Sale No. 1 sold in November 2021 for \$1,450,000. The property was seven (7) acres in size and improved with a 2004 residence with 4,290 above-ground square feet. The residence also included a 1,441 square foot basement, a 981 square foot basement garage, a 468 square foot covered patio, and 566 square feet of wood decking. The residence's construction class was six (6), and the market grade was good. Respondent shared the extracted residence value was \$1,361,320, or roughly \$317 per above-ground square foot. Sale No. 2 sold in November 2021 for \$2,350,000. The property was 8.95 acres in size and improved with a 2008 residence with 3,580 above-ground square feet. The residence also included a 2,684 square foot basement, a 998 square foot garage, a 150 square foot covered patio, and a 576 square foot wood deck.

The residence's construction class was six (6), and the market grade was average. The residence was a two (2) story design instead of single-story like subject. The extracted residence value was \$2,166,790, or roughly \$605 per above-ground square foot.

Along with the earlier presented concerns, Appellant expressed a belief the properties presented by Respondent were receiving "discounted assessments" because they were assessed between roughly 31% to 63% lower than their sale prices. Respondent countered this simply demonstrates the county is currently assessing higher-end homes at less than market value, and therefore subject is likely undervalued as well.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of market value in fee simple interest or, as applicable, a property's exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence submitted by the parties, 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. Idaho Code § 63-201 provides the following definition,

"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. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d

394, 398 (1979). 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 the differences in property characteristics between subject and the sale properties.

Appellant did not perform a traditional valuation approach to support a reduction in subject's value. Instead, Appellant's presentation mainly focused on assumptions about the sales comparison approach Respondent utilized, and an analysis of assessed values for the properties therein. There were many issues with Appellant's analysis. First and foremost, a comparison of assessed values is not an acceptable appraisal approach because it does not lead to accurate estimations of market value. Where Idaho is a market value state, property must be assessed at market value. And where Appellant's own analysis demonstrated the comparable sale properties are not assessed at that market value, it is illogical to utilize assessments to determine market value. In short, Appellant did not convince the Board subject is overvalued.

Respondent did provide sales for the Board's consideration, but there was little analysis involved, where the only adjustment made was for date of sale. The properties varied greatly in all characteristics, and it was difficult for the Board to correlate the wide value range of \$602,450 to \$2,166,790 to subject's current value of \$997,423. However, Respondent provided the only market data on record.

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 did not find the burden of proof met in this instance. Properties in Idaho must be assessed at market value, and Appellant provided no market value evidence to suggest subject is

overvalued. The Board will uphold the decision of the Fremont County Board of Equalization accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Fremont County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 25th day of April, 2023.