

BEFORE THE IDAHO BOARD OF TAX APPEALS

DONALD CUNNINGHAM,)	
)	
Appellant,)	APPEAL NO. 22-A-1014
)	
v.)	FINAL DECISION AND ORDER
)	
LEMHI COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Lemhi County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP001760030010A. The appeal concerns the 2022 tax year.

This matter came on for telephonic hearing November 2, 2022, before Hearing Officer Travis VanLith. Appellant Donald Cunningham was self-represented. Lemhi County Assessor Jenny Rosin 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 Lemhi County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$38,668, and the improvements' value is \$521,550, totaling \$560,218. Appellant contends the correct total value is \$324,273.

The subject property is a 17.13 acre parcel located in the Bitterroot Meadows subdivision south of Salmon, Idaho. 16.13 acres of the property are categorized as irrigated agriculture and dry grazing land and valued as land actively devoted to

agriculture. The remaining 1.0 acre is categorized as residential and is improved with a 3,167 square foot, three (3) story log residence built in 2002. The residence includes 1,295 square feet on the first floor, 696 square feet on the second floor and loft, and 1,176 square feet in the basement. The residence also includes multiple decks totaling 1,404 square feet. Further improvements include a 1,620 square foot shop built in 2012, a 384 square foot shed also built in 2012, a carport, and a covered patio.

Appellant foremost shared a concern with being able to pay subject's property taxes. Subject's value increased 72.8% from 2021 to 2022, so Appellant was worried taxes would likewise increase significantly. Appellant additionally expressed a belief subject should only be valued and taxed based on the cost to build the improvements, which Appellant laid out as follows: the residence and decking cost \$230,000 and are currently valued at \$480,849; the shop cost \$12,000 and is currently valued at \$27,147; the shed cost \$3,400 and is currently valued at \$6,435; the carport cost \$600; and the patio, which Appellant characterized as a gazebo, cost \$3,500. The separate assessed values of the carport and patio were not specified, but the combined value of the two structures is \$7,119. Overall, the improvements cost Appellant \$249,500 from approximately ten (10) to twenty (20) years ago, and the current assessed value of the improvements totals \$521,550.

Appellant also referenced the assessments of three (3) properties in subject's area, but did not share parcel size, residence size, or any other specific characteristics. Appellant shared the properties are all on subject's street, and Appellant believed subject was not equitably assessed compared to them. Appellant described 37 Coiner Road as having a "similar" residence the same age or newer than subject's. The second property,

at 54 Coiner Road, was described as having about the same value as subject plus pasture. Appellant stated 58 Coiner Road has a residence “a lot older” than subject’s and is mostly pasture.

Respondent explained Idaho law requires property to be assessed annually at market value. Respondent noted the properties Appellant referenced had not been sold recently and could not be used to adjust subject’s current market value assessment. Respondent shared 37 Coiner Road was purchased as bare land in 1994. The sale price was not disclosed, but Respondent reported its current assessed value is \$478,932. Respondent shared 54 Coiner Road was purchased for \$218,000 in 2010, and its current assessed value is \$371,462. Respondent stated 58 Coiner Road was purchased as bare land in 1990 for \$14,728, and its current assessed value is \$488,115. Respondent also shared the three (3) properties were each less than five (5) acres in size. Subject, in comparison, is over seventeen (17) acres, was purchased in April 2005 for \$325,000, and is currently assessed at \$560,218.

Respondent provided information on three (3) sales to support subject’s assessed value. No sales occurred in subject’s subdivision in 2021, so Respondent offered sales outside the subdivision with larger acreages like subject. Sale No. 1 was a 7.5 acre property improved with a 3,464 square foot residence built in 1982. The property sold in September 2021 for \$725,000, or roughly \$209 per square foot. Sale No. 2 was a 10.33 acre property improved with a 1,160 square foot residence built in 1973. The property sold in May 2021 for \$408,000, or roughly \$352 per square foot. Sale No. 3 was a 5.78 acre property improved with a 2,464 square foot residence built in 1980. The property sold in August 2021 for \$543,000, or roughly \$220 per square foot. In comparison,

subject's 2022 assessment is \$560,218, or approximately \$177 per square foot, for the 17.13 acre property improved with a 3,167 square foot residence built in 2002.

Appellant testified at hearing subject's basement is unfinished. Respondent was unaware of this, but stated the data still showed subject's valuation was reasonable. Without including the basement square footage, Respondent's comparable properties sold for \$419, \$352, and \$441 per square foot, respectively. Excluding basement square footage, subject is assessed at approximately \$281 per square foot.

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.

Appellant did not provide a traditional analysis in support of the value requested for subject. Appellant's main concern was the potential increase in taxes given the nearly 73% increase in subject's assessed value. While the Board understands Appellant's concerns with increasing taxes, this is not an issue we have jurisdiction to address. The only judiciable issue in this case is the current market value of the subject property.

Appellant next put forth an argument that subject should only be taxed based on the cost to construct the improvements. The Board found this flawed for multiple reasons. Cost does not necessarily equate to value, especially when the improvements were built up to two (2) decades ago. Inflation alone over such a long period would naturally increase the base build cost. Stated differently, subject's improvements could not be constructed today for the same costs reported by Appellant. Additionally, as cited above, Idaho Code § 63-205 requires all taxable property to be assessed at *market value* each year. Therefore, subject's value must be based on the current residential market, not historical build costs.

In regard to the properties on subject's street Appellant mentioned, Respondent provided information at hearing that demonstrated the properties are not comparable to subject. First, the properties were all smaller than five (5) acres, and subject is approximately twelve (12) acres larger, at 17.13 acres. Second, there were not enough details about the properties for the Board to be able to adequately compare them with subject. Lastly, Appellant was concerned with the assessments, and a comparison of assessments is not a standard appraisal approach that leads to an accurate estimate of

value. Appellant provided no information about the properties, and Respondent provided only assessed values, approximate acreages, and sale prices from ten (10) to thirty-two (32) years ago. The Board did not consider these properties as strong indications of subject's market value.

Respondent additionally provided information regarding three (3) sales which occurred in 2021. While the Board appreciated the market information, there were some concerns with Respondent's analysis. For instance, there were no adjustments to make the properties more comparable to subject despite property differences such as lot size and residence age. Despite these concerns, however, Respondent's sales were the only market data in the 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 burden of proof was not met in this instance. Though Appellant's concerns with increasing taxes are understandable, taxes are not an issue for this Board. Appellant provided no sales data, and the assessed properties referenced were much smaller than subject. Respondent offered three (3) sales which all sold at higher per-square-foot rates than subject's current assessed value. The Board will uphold the Lemhi County Board of Equalization's decision.

FINAL ORDER

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

DATED this 27th day of March, 2023.

IDAHO BOARD OF TAX APPEALS