

BEFORE THE IDAHO BOARD OF TAX APPEALS

MARGARET BATES,	)	
	)	
Appellant,	)	APPEAL NO. 22-A-1232
	)	
v.	)	FINAL DECISION AND ORDER
	)	
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is 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. RPRPPR6002400. The appeal concerns the 2022 tax year.

This matter came on for telephonic hearing February 28, 2023, before Hearing Officer Travis VanLith. Appellant Margaret Bates was self-represented. Bannock County Assessor Anita Hymas represented Respondent.

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

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

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

FINDINGS OF FACT

The assessed land value is \$77,740, and the improvements' value is \$466,656, totaling \$544,396. Appellant contends the correct total value is \$365,000.

The subject property is a .32 acre residential parcel located in the Partridge Ridge subdivision in Pocatello, Idaho. The property is improved with a single-story residence over a basement constructed in 2007. The residence totals 3,888 square feet in size

spread evenly between the main floor and the partially finished basement. There is also a 1,054 square foot attached garage.

Appellant's primary concern centered on the amount of finished area in subject's basement. Appellant explained the finished spaces in the basement include one (1) open area, one (1) "defined" room, and an oddly narrow room roughly twelve (12) feet deep and six (6) feet wide. The minimal finish in the remaining basement areas included drywall, electrical wiring, and insulation, though Appellant was unsure if the drywall was taped-in. Appellant shared that soon after purchasing the subject property in 2009, an appraiser from the assessor's office made a visit and agreed the basement was approximately 50% complete. There was another visit a few years later, at which time it was again agreed the basement was roughly halfway finished.

For 2020, Appellant stated subject's basement was assessed as 80% finished, despite no changes or additional finishing work having been done. Appellant appealed subject's 2020 valuation to the Bannock County Board of Equalization (BOE) and then to this Board (BTA). Prior to the BTA hearing, the parties reached an agreement on the proper valuation and requested subject's assessed value be adjusted accordingly. The Board accepted the parties' settlement agreement and ordered subject's value be reduced to \$375,000. This valuation carried forward to the 2021 assessment year as required by Idaho Code § 63-3813. However, as the BTA's order was not applicable to 2022, Respondent determined a new valuation of nearly \$545,000 for the property. Appellant was concerned subject's current valuation reflected a fully finished basement, instead of Appellant's measurement of approximately 890 square feet of finished space.

As no changes have been made to the subject residence since the BTA's order in 2020, Appellant reasoned the valuation should not have increased.

Regarding the amount of finished area in the basement, Respondent's records reflect 972 square feet of finished space. Respondent further stressed the unfinished areas in subject's basement had drywall, electrical wiring, and insulation, so were not completely unfinished. In short, Respondent was confident subject's property record was accurate with respect to the amount of finished basement space.

In support of subject's current valuation, Respondent offered information on three (3) sales which occurred during 2021. The sale properties were all located on subject's same street and all were improved with single-story residences with basements. Sale No. 1 concerned a residence constructed in 2010 with 1,539 square feet on the main floor and in the basement, of which a total of 3,001 square feet were finished. This property sold in December 2021 for \$570,000. Sale No. 2 was the April 2021 sale for \$479,000 of a residence constructed in 2006. The sale residence totaled 3,362 square feet, of which 2,208 square feet were finished. Lastly, Sale No. 3 was a 3,313 square foot residence constructed in 2007 with 3,226 square feet of finished living area. This property sold for \$565,000 in June 2021.

Respondent first applied a 1.25% per month time adjustment to the above sale prices to bring them up to market pricing levels on January 1, 2022, the relevant date of valuation in this appeal. The result was time-adjusted sale prices of \$577,125, \$532,888, and \$614,438, respectively. In an effort to isolate the value attributable to sale residences, Respondent next extracted the assessed values of the sale lots and any other improvements not associated with the residences from the respective sale prices. This

extraction methodology yielded a residual value indication of \$472,725, or \$158 per square foot for the residence in Sale No. 1; \$449,488, or \$204 per square foot for Sale No. 2's residence; and \$531,068, or \$165 per square foot for the final sale residence. Applying the same methodology to the subject property, Respondent calculated a value of \$462,396, or \$159 per square foot for subject's residence, which was noted to be near the bottom of the range indicated by 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. The three (3) primary approaches for determining market value include 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 differences in property characteristics between subject and the sale properties.

Appellant disagreed with subject's current valuation and questioned whether the valuation accurately reflected the amount of finished area in the basement. Appellant measured 889 square feet of finished basement space, whereas Respondent's records reflect 972 square feet of finish. The Board understands Appellant's concerns with the amount of subject's basement finish and the importance of accurate property records in developing a reliable valuation. However, Respondent's records are presumed correct as a matter of law, so the burden is on the property owner to prove any alleged error. In this case, Appellant's measurement of the finished space in subject's basement was roughly 80 square feet less than the figure reflected in subject's property record, though Appellant acknowledged being inexperienced in taking such measurements so was not confident in the size figure. While the Board has no reason to doubt Appellant's measurement, more is needed than a verbal assertion by a property owner. In other words, there was insufficient evidence to prove error in the 972 square feet of finished basement space reflected on subject's property record. Accordingly, the Board will accept Respondent's size figures with respect to subject's finished and unfinished spaces.

As for subject's valuation, which is notably higher than the prior year, the Board identified no error. Subject's 2021 assessed value was the result of an order issued by the BTA setting subject's total valuation to \$375,000 in 2020. The 2020 value ordered by the BTA was carried forward to 2021 because Idaho Code § 63-3813 generally requires a BTA-ordered value to not be increased the subsequent assessment year, which was 2021 in this case. As the BTA's value was no longer effective for 2022, Respondent

developed a new valuation based on recent sales activity. It is well known the general Idaho real estate market has experienced historic price appreciation over the prior couple years, and Bannock County was no exception, as evidenced by the 1.25% per month time adjustment factor Respondent applied to the 2021 sales in its valuation analysis. The \$375,000 value ordered by the BTA is two (2) years old and not reflective of the current marketplace. So, while subject's value appears to have increased 45% in a single year, the increase actually reflects two (2) years of historic market activity. Further, Appellant's value claim of \$365,000 is actually lower than the value ordered by the BTA in 2020, which is unreasonable given the climb in pricing levels over the last couple years.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Where Appellant did not offer any market data or other value evidence in support of the petitioned reduction in subject's assessed value, the Board did not find the burden of proof satisfied. The sales Respondent shared from subject's immediate neighborhood, which ranged in time-adjusted sale price from approximately \$535,000 to \$615,000, were found to be supportive of subject's assessed value of \$544,396. In all, the Board did not find good cause to adjust subject's current valuation.

#### 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, AFFIRMED.

DATED this 25th day of April, 2023.

IDAHO BOARD OF TAX APPEALS