

BEFORE THE IDAHO BOARD OF TAX APPEALS

DON DAVIS,	)	
	)	
Appellant,	)	APPEAL NO. 22-A-1220
	)	
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. RPRPMOO000500. The appeal concerns the 2022 tax year.

This matter came on for hearing December 14, 2022, in Pocatello, Idaho, before Board Member Leland Heinrich. Appellant Don Davis was self-represented. Bannock County Chief Deputy Assessor Anita Hymas 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 residential property.**

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

FINDINGS OF FACT

The assessed land value is \$52,500, and the improvements' value is \$173,585, totaling \$226,085. Appellant contends the correct land value is \$27,449, and the improvements' value is \$153,905, totaling \$181,354.

The subject property is a .15 acre parcel located in Pocatello, Idaho. The property is improved with a 1951 residence with three (3) bedrooms and two (2) bathrooms, a 264

square foot attached garage, and a 168 square foot shed. The residence is 1,650 square feet, which includes 825 square feet on the main level and 825 square feet in the basement, of which 578 square feet are finished.

Appellant shared concern subject's value has increased 91% since 2019 and asserted it was not valued low enough in comparison with Appellant's other parcel in the same neighborhood, roughly five (5) blocks from subject. Appellant stated this other property was on a 22% larger lot, had a 43% larger residence, and was assessed at \$273,516, which value represents only a 79% increase in assessment since 2019. Appellant further shared both residences have wood siding, asphalt shingles, updated vinyl windows, a gas water heater and furnace, cement driveway, cement or carpet flooring, and no sprinkler system. Where half of subject's roof is fifty (50) years old and the other half is fifteen (15) years old, the other property has a nine (9) year old roof; subject's furnace is 50 years old where the other property's is two (2) years old; and subject's carpeting is six (6) years old where the other property's flooring is two (2) years old. Subject is 1,650 square feet and Appellant claimed it was built in 1941; Appellant's other property is 3,364 square feet and was built in 1945, though Appellant was uncertain the exact build year. As subject's lot is 22% smaller and the residence is 43% smaller than Appellant's other property, Appellant discounted these amounts from the comparable property's values to request a lot value of \$27,449 and an improvement value of \$135,846 for subject, totaling \$163,295.

Respondent stated a comparison of assessed values is not a method used to determine market value. Also shared was that a larger residence will generally have a lesser valuation rate than a smaller residence. Overall, Respondent asserted valuation

rates per square foot will not be the same for every property in a neighborhood due to differences in year built, size, condition, and other features which affect value.

Respondent provided information on three (3) sales to support subject's assessment. Sale No. 1 was a .34 acre property improved with a 1,700 square foot residence built in 1950 with the area spread evenly between the main floor and the fully finished basement. The property included an attached garage. It sold in March 2021 for \$252,000. Respondent time-adjusted the sale price, then removed the value of the land and other improvements, calculating a residence sale value of \$242,160, or roughly \$142 per square foot.

Sale No. 2 was a .17 acre property improved with a 1,836 square foot residence built in 1958 with 918 square feet on the main floor and 918 square feet in the basement, of which 442 square feet were finished. The property sold in June 2021 for \$263,500. The time-adjusted residence price was \$232,616, or roughly \$171 per square foot.

Sale No. 3 was a .26 acre property improved with a 1,912 square foot residence built in 1956 with 956 square feet on the main level and 956 square feet in the basement, of which 908 square feet were finished. The property included an attached garage. It sold in June 2021 for \$285,000. The time-adjusted residence sale price was \$255,438, or roughly \$137 per square foot. Subject's residence is assessed at \$171,405, or roughly \$122 per square foot.

Appellant expressed disagreement with the use of a sales comparison analysis because sale prices have risen at such a fast pace, asserting this means "tax assessments have become difficult to near impossible for accuracy [sic]."

## 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 property characteristics between subject and the sale properties.

Appellant shared a belief the sales comparison approach would not result in an accurate estimation of value because of the recent increase in sale prices. The Board must disagree. Properties must be valued at market value, whether the market is experiencing an increase, decrease, or plateau. Actual sale prices are the strongest indications of market value available.

Appellant focused on comparing subject with one (1) property's assessment, discounting the comparable property's assessment by the percentages by which subject is smaller to request an assessed value of \$163,295 for subject. The Board found many issues with this analysis. First and foremost, a comparison of assessed values is not a recognized appraisal approach which would lead to an accurate estimation of a property's market value. Appellant's analysis also failed to consider the effects age, condition, size, and other characteristics have on valuation. The comparable property was older, larger, and in better condition than subject, making it incomparable. Additionally, as Respondent stated, it is illogical every property in a neighborhood would be assessed at the same rate, because no two (2) properties are exactly alike, and economies of scale dictate a larger property will generally sell at a higher rate and vice versa.

Respondent provided sales information on three (3) properties. The properties were .17 to .34 acres and included residences from 1,700 to 1,912 square feet. Sale prices were between \$252,000 to \$263,500, and Respondent calculated residence prices of \$232,616 to \$255,438, or roughly \$137 to \$171 per square foot. Subject's current assessment totals \$226,085 and its residence is assessed at \$171,405, or roughly \$122 per square foot, lower than any of the comparable sales.

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. A comparison of assessed values is not a valid method of determining a property's market value. Respondent's comparable sales were generally comparable with subject, and subject's valuation fell well below the comparable values

even when accounting for subject's smaller size. The Board will uphold the decision of the Bannock County Board of Equalization.

#### 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 25<sup>th</sup> day of April, 2023.