

BEFORE THE IDAHO BOARD OF TAX APPEALS

GAYLEEN CHANDLER REVOCABLE TRUST,)	
)	
Appellant,)	APPEAL NO. 22-A-1239
)	
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. RPRCCPC025532. The appeal concerns the 2022 tax year.

This matter came on for hearing January 9, 2023, in Pocatello, Idaho, before Board Member Doug Wallis. Trustee Gayleen Chandler appeared at hearing for Appellant. Bannock County 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 modified.

FINDINGS OF FACT

The assessed land value is \$151,373, and the improvements' value is \$22,790, totaling \$174,163. Appellant agrees with the value of the improvements, however, contends the correct land value is \$72,000, for a total value of \$94,790.

The subject property is a 2.19 acre L-shaped residential parcel located in Chubbuck, Idaho, though not in a subdivision. The property, situated adjacent to Appellant's homesite parcel, is improved with a 2,400 square foot pole building and a small lean-to.

Appellant was concerned subject's land value was higher than the assessed values of several nearby parcels. In this regard, Appellant offered assessment information on four (4) parcels located within roughly one-third ($\frac{1}{3}$) of a mile of subject, along the same street. None of the referenced parcels were in subdivisions, and all were noted to be adjacent to a city sewer line. The first was a 4.79 acre tract assessed for \$231,378, or \$48,304 per acre. Next was a 2.45 acre lot with a current land assessment of \$106,540, or \$43,485 per acre. The final two (2) were adjacent parcels under the same ownership. The 2.07 acre lot was valued at \$63,282, or \$30,571 per acre and the larger 2.43 acre parcel was assessed at \$68,588, or \$28,213 per acre. Appellant stressed subject's current land value of \$151,373, or \$69,757 per acre is nearly 45% higher than the next highest land value in the group.

Appellant also explained the subject property is in a unique situation because the city sewer line does not extend to the parcel. According to Appellant, there is no sewer line for a roughly one-half ($\frac{1}{2}$) mile stretch along Hawthorne Road. Apparently, the sewer line runs down the next cross streets to the north and south of subject, but in that gap is where the subject property sits. Reportedly, only subject and the adjacent parcel to the south do not have access to city sewer services, but all surrounding houses and subdivisions are connected to city services. Appellant testified a city engineer estimated a cost of roughly \$28,000 to extend the sewer line to the subject property back in 2020.

Appellant further shared a local developer stated the subject property was less desirable from a development standpoint due to the additional costs associated with connecting to the city sewer system. At the very least, Appellant argued subject's land value should be reduced by the estimated cost to extend the sewer line to the property.

In support of subject's land value, Respondent provided information on three (3) vacant residential sales. Sale No. 1 was a 2.85 acre parcel with an October 2021 purchase price of \$190,000. Next was the February 2021 sale of a .99 acre lot for \$150,000. Lastly, Sale No. 3 concerned a 1.3 acre parcel which sold for \$126,000 in September 2021. Respondent applied a 1.25% per month time adjustment to the sale prices to reflect market pricing levels on the January 1, 2022, assessment date. The result was time-adjusted prices of \$197,125, or \$69,167 per acre, for Sale No. 1; \$170,625, or \$172,348 per acre, for Sale No. 2; and \$132,300, or \$101,769 per acre, for Sale No. 3. Subject's raw land value with no onsite improvements is \$128,583, or \$65,271 per acre.

Appellant challenged the comparability of Respondent's sale properties, primarily on the basis of neighborhood, as they were located several miles from subject. Of particular concern was Sale No. 2, noted by Appellant to be in a desirable commercial area. Respondent clarified Sale No. 2, while located in a commercial neighborhood, is adjacent to railroad tracks and a mobile home park. Respondent further noted larger parcels located within city limits, like the subject property, are rare and highly desirable in the marketplace. As such, sales of these types of parcels are limited so there is not a lot of data available. The sales selected by Respondent were characterized as the closest in size and location to subject, and in Respondent's opinion offered a reliable estimate of subject's market value.

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. The three (3) 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 the differences in property characteristics between subject and the sale properties.

Appellant did not develop an opinion of value using a recognized appraisal approach. Instead, Appellant was concerned subject's land value is notably higher than the assessed land values of four (4) larger acreage parcels in the neighborhood, all with readily available sewer hookups. Appellant questioned why subject's land value was

higher despite the lack of city sewer services. While the Board understands Appellant's concerns with subject's valuation compared to other properties in the neighborhood, a comparison of assessed values is not a recognized appraisal approach and therefore not considered a reliable indicator of value. A comparison of assessed values could potentially identify inequitable assessment, but such was not the case here, particularly with such a small data set. Therefore, the Board did not rely on the assessment data offered by Appellant.

Respondent's valuation analysis was better received by the Board, where it was based on recent sales. One concern from the Board's perspective, however, was no direct comparisons were made between subject and the sale lots. Also, no adjustments were made for differences in property characteristics despite the sale parcels ranging in size from 0.99 to 2.85 acres. Lastly, with sale prices varying widely from roughly \$69,000 to \$172,000 per acre, the correlation to subject's valuation of approximately \$65,000 per acre was not apparent to the Board. Despite these concerns, Respondent's sales represented the only market data in the record, so weighed heavily in the Board's consideration of subject's market value.

Though subject's land value appears conservative compared to the price rates reported for the three (3) sale lots, there is a glaring omission in Respondent's consideration of subject's valuation: the property does not have access to city sewer services, a condition which uniquely impacts subject. None of the sale properties were noted to lack sewer services, nor were any of the parcels referenced by Appellant, other than the adjacent parcel to the south. This condition notably restricts subject's utility and development potential and would undoubtedly factor in a potential buyer's purchase

decision. In 2020, one of the city's engineers estimated a cost of roughly \$28,000 to extend the sewer line to the subject property, which in the Board's view should be reflected in subject's valuation given the absence of any competing value indicator.

The burden of establishing subject's valuation is erroneous by a preponderance of the evidence falls on Appellant. Idaho Code § 63-511. Though the Board did not find sufficient support for the value advocated by Appellant, the burden of proving subject's valuation is erroneous was satisfied in this instance. Given the market information provided by Respondent, the Board found subject's land value of \$151,373 would be reasonable if the property benefited from city sewer services; however, because it does not, the value should be reduced. Given the absence of an alternative value indicator, the Board will accept the \$28,000 cost estimate provided by Appellant and reduce subject's land value to \$123,373. The decision of the Bannock County Board of Equalization is modified accordingly.

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, MODIFIED to reflect a decrease in total valuation to \$146,163, with \$22,790 attributable to the improvements and \$123,373 to the land.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

Idaho Code § 63-3813 provides that under certain circumstances the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 25th day of April, 2023.