

BEFORE THE IDAHO BOARD OF TAX APPEALS

SCOTT AND BARBIE HARRIS,)	
)	
Appellants,)	APPEAL NO. 22-A-1218
)	
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. RPRPANS006000. 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 Scott Harris 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 modified.

FINDINGS OF FACT

The assessed land value is \$77,740, and the improvements' value is \$335,942, totaling \$413,682. Appellants contend the correct land value is \$67,740, and the improvements' value is \$250,942, totaling \$318,682.

The subject property is a .204 acre parcel located in the Anderson subdivision in Pocatello, Idaho. The subject is improved with a one and one-half (1½) story 3,276 square foot residence built in 1978 which includes 1,320 square feet on the main level, 636 square feet on the upper level, and 1,320 square feet in the basement, of which 1,188 square feet are finished. The residence also has a 572 square foot attached garage.

Appellants purchased subject in May 2018 for \$151,384. Appellants described it as a “rental with bad tenants” at the time of purchase and a “fixer-upper” in need of various repairs. The property has not been well maintained or updated, and Appellants shared it is still in poor, “fixer-upper” condition. Appellants shared subject has an original cedar-shingled roof, windows and a sliding door, wood siding, and fascia which all need to be replaced. Other items needing repair or replacement include the sprinkler system, landscaping, sidewalks, driveway, interior paint, floor coverings, and countertops. Further, Appellants explained the downstairs bathroom needs a total remodel, the electric heat system will need replaced with a furnace and air conditioning, and the attic’s insulation needs to be “brought up to code.” In total, Appellants estimated the cost of these repairs would total \$167,793, but it was not explained how the costs were calculated. Appellants asserted the purchase price in 2018 would be the best indicator of value for subject as there have been no updates.

Respondent explained many of the items on Appellants’ repair list are considered “regular maintenance” and would not affect subject’s assessment. These items include landscaping, sprinklers, sidewalks, paint, and flooring. Respondent further testified the lack of furnace and air conditioning, the roof’s age, and the other conditional issues are

already considered in subject's assessment through its effective age and condition rating. Subject is currently rated as being in average condition.

Respondent also provided information on three (3) sales to support subject's assessed value. Sale No. 1 was a .39 acre property improved with a single-story residence built in 1978 with 1,300 square feet on the main level and 1,300 square feet in the basement, of which 1,105 square feet were finished. The property additionally had an attached garage. The property sold in October 2020 for \$290,000. Respondent time-adjusted the sale price then extracted the values of other improvements and the land, leaving a residual price of \$275,660 for the residence, or roughly \$115 per square foot.

Sale No. 2 was a .32 acre property improved with a single-story residence built in 1976 with 1,440 square feet on the main level and 1,420 square feet in the basement, of which 805 square feet were finished. The residence also included an attached garage. The property sold in May 2021 for \$324,000. The residual residence price was \$271,702, or roughly \$121 per square foot.

Sale No. 3 was a .28 acre property improved with a single-story residence built in 1975 with 2,109 square feet on the main level and 1,865 square feet in the basement, of which 1,492 square feet were finished. The residence also included an attached garage. The property sold in October 2021 for \$475,000. The residual residence value was \$410,793, or roughly \$114 per square foot. In comparison, the subject residence is valued at \$334,582, or roughly \$106 per square foot.

Appellants expressed concern there were many differences between subject and the sale properties; primarily, the sales involved brick homes, and Sale No. 3 was in a different location. Respondent asserted it is impossible to find exactly comparable

properties, and clarified the sales were not the only three (3) used to set subject's value. Rather, they were the sales Respondent chose to represent value in this particular instance.

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.

Appellants did not provide any sales or perform a recognized appraisal approach to support a reduction in subject's value. Instead, Appellants outlined many deferred maintenance items subject experiences. Appellants also claimed subject's 2018

purchase price is the best indicator of value where there are no strong comparable sales available.

The Board concurs with Respondent in that most of the items in Appellants' repair list are ordinary wear and tear which are accounted for with subject's effective age and condition rating. However, the roof and windows do not fall into that category, and because both are original, deductions should be made to better account for subject's actual condition and value.

Respondent provided information on three (3) sales to support subject's assessment, but in the end the Board was not persuaded Respondent adequately considered subject's condition in the analysis. No adjustments were made to the sales apart from a time-adjustment despite the myriad of differences.

In accordance with Idaho Code § 63-511, the burden is with Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. The burden of proof was met, but there was insufficient evidence to reduce the value to that requested by Appellants. The Board will modify the decision of the Bannock County Board of Equalization and set a new value of \$368,226 for subject.

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 to \$368,226, with \$77,740 attributable to the land and \$290,486 to the improvements.

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 Appellants.

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

DATED this 24th day of April, 2023.

IDAHO BOARD OF TAX APPEALS