

BEFORE THE IDAHO BOARD OF TAX APPEALS

SAMUEL MCDOWELL,)	
)	
Appellant,)	APPEAL NO. 22-A-1193
)	
v.)	FINAL DECISION AND ORDER
)	
BLAINE COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Blaine County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel RP003400001720A. The appeal concerns the 2022 tax year.

This matter came on for hearing October 18, 2022, in Hailey, Idaho before Board Member Leland Heinrich. Appellant Samuel McDowell was self-represented. Blaine County Assessor Jim Williams 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 Blaine County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$706,236, and the improvements' value is \$1,867,396, totaling \$2,573,632. Appellant contends the correct land value is \$481,749, and the improvements' value is \$1,391,522, totaling \$1,873,271.

The subject property is a 1.81 acre lot located in the Indian Creek Ranch subdivision in Hailey, Idaho. The property is improved with a 3,126 square foot dwelling

constructed in 1990. The subject property is further improved with a 1,408 square foot attached garage and a 1,678 square foot accessory dwelling unit (ADU).

Appellant questioned the recent increase in subject's assessed value as compared to other properties in subject's neighborhood. The average increase in Indian Creek was 42% while subject's assessment increased 54%. Appellant further contended recent comparable sales did not support the over 100% increase in subject's assessment since Appellant's purchase in June 2020 for \$1,590,000.

In support of a lower valuation, Appellant presented information on three (3) sales. These sales were sourced from Respondent's same list of comparable sales presented during the Board of Equalization hearing. Appellant selected the three (3) sales that were closest in proximity to subject and were similar in age, quality of construction, and square footage. Sale No. 1 was a 3.26 acre property improved with a 3,372 square foot residence constructed in 1991 which sold March 2021 for \$1,415,000. Sale No. 2 was a 1.79 acre property improved with a 3,273 square foot residence constructed in 1984 which sold in February 2021 for \$900,000. Sale No. 3 was a 4.16 acre property improved with a 6,051 square foot residence constructed in 1991 which sold in April 2021 for \$2,395,000. Appellant highlighted Sale No. 3 as having a lot size more than double subject's, a residence with 50% more square footage, and a better view. Appellant indicated this sale was far superior to subject yet sold for less than subject's most recent assessment.

Respondent questioned if Appellant's comparable sale values were time adjusted and asserted that, without such adjustments, values were not accurate for comparison. Appellant indicated adjustments were not utilized. Respondent further questioned Appellant's selection of sales and noted Sale No. 2 was a probate sale and was thus an

outlier, not an accurate indicator of value in a sales comparison. Appellant contended outliers are subjective in any statistical analysis and further noted that Sale No. 2 was chosen primarily due to the similarity in location and characteristics, not due to sale price. Like subject, Sale No. 2 is further from town and shares subject's same locational influences. Appellant reiterated Sale No. 2's purchase price of \$900,000 was doubled in Appellant's comparative analysis to reflect the fact it was a probate sale and likely sold less than market value.

Appellant presented a comparison of property taxes as further evidence subject was assessed in excess of fair market value. Thirteen (13) years of property tax bills were presented for both subject and Sale No. 3. Appellant calculated Sale No. 3's property taxes averaged 190% higher than subject's and concluded, since taxes are based on assessed values, Sale No. 3's assessment should be higher than subject's. In contrast, Sale No. 3's value was lower than subject's. Respondent argued property taxes do not directly correlate to assessments and are not proof of market value.

Respondent provided information regarding three (3) residential sales in support of subject's assessed value. Sale No. 1 was a 1.70 acre property improved with a 4,910 square foot residence constructed in 1998 which sold in November 2021 for \$3,150,000. Sale No. 2 was a 1.12 acre property improved with a 3,134 square foot residence constructed in 1990 which sold in October 2021 for \$1,825,000. Sale No. 3 was a 1.24 acre property improved with a 2,469 square foot residence constructed in 1993 which sold in October 2021 for \$1,460,000. Respondent first adjusted each sale price for time of sale, then directly compared each property to subject and adjustments were made for differences in property characteristics. Respondent concluded adjusted sale prices

ranging from \$3,299,718 to \$3,476,968. Respondent asserted subject was conservatively assessed at \$2,573,632, which was well below even the lowest adjusted sale price.

Appellant challenged Respondent's selection of sales noting all three (3) sales were much closer to town and did not share the negative locational influence of being at the far end of the Indian Creek neighborhood. Appellant further challenged Respondent's mass appraisal methods, specifically their calculation of adjustments to the sale properties and their choice of sales, stating Respondent seemingly selected high value sales to support an increase to assessments. Respondent maintained that subject's assessment was equitable with the neighborhood and was supported by the sales presented.

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 subject and the sale properties.

Both parties developed an opinion of value utilizing the sales comparison approach to value. Efforts to provide timely sales were well received by the Board. Appellant provided sales information for three (3) properties. These sales were in close proximity to subject and were similar in year built and general characteristics. Sale No. 2 was a probate sale and did not reflect an arms-length transaction; as such, the Board did not find correlation between this sale and subject and did not utilize it in its analysis. However, Sale Nos. 1 and 3 were well received.

In terms of support for subject's current assessed value, Respondent likewise provided information on three (3) sales that were directly compared to subject. Of concern to the Board was the large overall gross adjustments applied to each sale. Respondent reported adjustments ranging from \$263,968 to \$1,805,968, or 8% to 124%, suggesting a material degree of dissimilarity between subject and the sales. The Board further found issue with the location of these sales in comparison to subject. They were all located closer to town and did not share the same locational influences as subject, at the far end of Indian Creek.

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. Given the evidence presented in this matter, the Board finds the burden of proof satisfied. Appellant's value conclusion was found to represent the better-supported and more thorough analysis of

subject's current market value; however, the Board did not find sufficient support to reduce subject's value to that petitioned by Appellant. By contrast, the Board found a number of concerns with Respondent's sales comparison approach to value, primarily the large adjustments and location of sales. The Board will reduce subject's assessed market value to \$2,150,000, with \$550,000 allocated to land and \$1,600,000 allocated to improvements. The decision of the Blaine County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Blaine County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease to \$2,150,000, with \$550,000 allocated to the land and \$1,600,000 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 Appellant.

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 16th day of March, 2023.

IDAHO BOARD OF TAX APPEALS