

BEFORE THE IDAHO BOARD OF TAX APPEALS

DONALD OBRITSCH AND NICOLA	)	
VITKOVICH,	)	
	)	APPEAL NO. 22-A-1182
Appellants,	)	
	)	FINAL DECISION AND ORDER
v.	)	
	)	
TWIN FALLS COUNTY,	)	
	)	
Respondent.	)	
	)	

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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Twin Falls County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RPOB7910010040A. The appeal concerns the 2022 tax year.

This matter came on for hearing October 20, 2022, in Twin Falls, Idaho, before Board Member Leland Heinrich. Appellant Donald Obritsch was self-represented. Twin Falls County Assessor Bradford Wills represented Respondent.

Board Members Leland Heinrich and Kenneth Nuhn join in issuing this decision.

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

**The decision of the Twin Falls County Board of Equalization is affirmed.**

**FINDINGS OF FACT**

The assessed land value is \$61,541, and the improvements' value is \$608,459, totaling \$670,000. Appellants contend the correct land value is \$60,000, and the improvements' value is \$515,000, totaling \$575,000.

The subject property is a 1.88 acre parcel located in Buhl, Idaho. The property is improved with a 5,840 square foot residence with four (4) bedrooms and three and one-half (3½) bathrooms. The finished area of the residence totals 4,700 square feet. The residence additionally includes an 884 square foot basement garage and three (3) wooden decks totaling 776 square feet.

Appellants were concerned subject's assessed value increased over \$200,000 in one (1) year, and believed the increase of around \$170,000 was still too steep after the board of equalization (BOE) decreased the original 2022 assessment from \$720,951 to \$670,000. Appellants purchased the subject property in 2018 for \$370,000 and have appealed subject's valuation to the BOE every year since. On all four (4) occasions, the BOE lowered subject's assessed value. Appellants expressed concern Respondent has a history of over-assessing subject. In further support of this statement, Appellants asserted subject had been assessed for around \$500,000 at the time it was purchased for \$370,000. Appellants calculated subject's value had almost doubled in four (4) years.

In support of lowering subject's assessed value, Appellants disclosed a prospective buyer offered to purchase a neighboring property also owned by Appellants for \$23,277.67 in 2021. The offer was not dated but stated the offer "shall remain open until 10/17/2022." The 2.12 acre parcel was vacant, and while Appellants believed the offer was lower than its value, it was provided as evidence subject's land is overvalued at \$61,541 for 1.88 acres.

Appellants additionally provided a copy of subject's current insurance plan. The coverage for the residence covers \$654,000, which Appellants stated was 115% of the value according to the insurance agent. Appellants asserted this demonstrated the

residence's market value is \$556,000. Appellants requested a 2022 assessed value of \$515,000 for subject's improvements.

Respondent explained a market analysis must be conducted every year to adjust assessments to better approximate market value based on market sales throughout the county. The analysis and corresponding value adjustments are calculated using a computer in a technique called mass appraisal, as individually appraising every property in the county would be overly time-consuming and inefficient. Subject's initial assessment of \$720,951, however, was based on the cost approach to value where the residence was valued on how much it would cost to build, minus depreciation due to age and obsolescence.

To support subject's assessed value, Respondent performed a sales analysis. Respondent provided eight (8) sales which occurred in 2021 within an eight (8) mile radius of subject. The analysis was titled "Sales of Most Similar Square Feet," though square footages ranged from 3,673 to 8,880, and a square footage of 4,956 was recorded for subject despite Respondent earlier stating the finished area totals 4,700 square feet. The sales also varied greatly in terms of acreage, year built, residence-style, bedroom and bathroom count, and garage size. Respondent only adjusted for time at 2.35% per month and calculated time-adjusted sale prices from \$377,715 to \$1,871,812. Respondent reported an average time-adjusted sale price of \$955,951, or roughly \$193 per square foot, and a median time-adjusted sale price of \$845,313, or roughly \$171 per square foot. Respondent asserted this analysis demonstrated subject was undervalued rather than overvalued.

At hearing, Respondent shared the three (3) sales closest in proximity to subject were Sale Nos. 1, 2, and 7. No exact distances were shared for any of the sales, and it was likewise not clear how “close” these three (3) closest were. Sale No. 1 sold in July 2021 for a time-adjusted sale price of \$1,055,425, or roughly \$288 per square foot. The 3.52 acre parcel was improved with a 3,673 square foot one-story residence with three (3) bedrooms, three (3) bathrooms, and an attached 1,221 square foot garage. Sale No. 2 sold in August 2021 for a time-adjusted sale price of \$1,871,812, or roughly \$324 per square foot. The 2.37 acre parcel was improved with a 5,774 square foot two-story residence with four (4) bedrooms, 4 and one-half (4½) bathrooms, and an attached 1,284 square foot garage. Sale No. 7 sold in October 2020 for a time-adjusted sale price of \$676,114, or roughly \$150 per square foot. The 3.82 acre parcel was improved with a 4,506 square foot one and one-half (1½) story residence with a basement, four (4) bedrooms, two and one-half (2½) bathrooms, and an attached 1,152 square foot garage. In comparison, subject’s 2022 assessment is \$670,000, or roughly \$143 per square foot, for a 1.88 acre parcel improved with a 4,700 square foot two-story residence with a basement, four (4) bedrooms, three and one-half (3½) bathrooms, and an 884 square foot basement garage. Respondent maintained subject’s assessment is fair and equitable.

Respondent lastly provided a comparison of assessed value increases to demonstrate subject was not inequitably assessed. While subject’s improvements’ value has increased 65% from 2019 to 2022, Respondent shared subject’s neighbor to the east has experienced a 66% increase over the same three (3) years, demonstrating a consistency within at least these two (2) properties.

## 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.

Appellants did not perform a traditional approach to support the valuation request. Appellants did provide a purchase offer for a vacant property adjacent to subject, as well as the current insurance plan for subject's residence. Neither of these are considered reliable evidence of current market value. While a sale of the adjacent property could demonstrate land value in the area, Appellants themselves recognized the offer was low and did not make any adjustments to demonstrate how the purchase offer would apply to

the improved subject property or would otherwise prove subject's current market value. An insurance plan's estimate of value is not a recognized appraisal method for purposes of property tax assessment, and the Board likewise did not consider it as reliable value evidence in the final evaluation of subject's market value.

While Respondent did provide a sales comparison analysis for the Board's consideration, there were some concerning elements. First, where the lowest and highest time-adjusted sale prices were more than \$1,000,000 apart, the Board had trouble understanding how these sales correlated to a market value estimate for the subject.. It was additionally concerning the only adjustment made was time of sale when property characteristics were as drastically varied as sale prices. For example, bedroom counts ranged from three (3) to seven (7), and year of construction ranged from 1925 to 2016. The Board would have preferred a sales analysis with appropriate adjustments to make the sale properties more comparable with subject. With an average estimate of value at \$955,951 and a median of \$845,313, it was difficult for the Board to see how the sales analysis supported either the original assessment of \$720,951 or the BOE-adjusted value of \$670,000. Bluntly stated, the analysis was so vague and broad the Board did not consider it the best evidence of subject's current market value.

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. Appellants did not meet the burden of proof in this instance. While the Board had several concerns with Respondent's sales analysis, those sales represented the only market data in the record. Where Appellants offered no market-supported data, the Board does not have good

cause to disturb subject's current valuation and will uphold the decision of the Twin Falls County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Twin Falls County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 13<sup>th</sup> day of March, 2023.

IDAHO BOARD OF TAX APPEALS