

BEFORE THE IDAHO BOARD OF TAX APPEALS

CHRISTIAN AND KATHLEEN RASMUSSEN,	)	
	)	
Appellants,	)	APPEAL NO. 22-A-1196
	)	
v.	)	FINAL DECISION AND ORDER
	)	
LATAH COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Latah County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RP41N04W167356A. The appeal concerns the 2022 tax year.

This matter came on for telephonic hearing December 8, 2022, before Hearing Officer Travis VanLith. Appellants Christian and Kathleen Rasmussen were self-represented. Latah County Assessor Rod Wakefield 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 rural residential property.**

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

FINDINGS OF FACT

The assessed land value is \$75,514, and the improvements' value is \$90,918, totaling \$166,432. Appellants do not dispute the land value but contend the correct improvements' value is \$61,900, totaling \$137,414.

The subject property is a ten (10) acre parcel located in Potlatch, Idaho. The acreage includes 3.75 acres designated as dry grazing land, 5.25 acres designated as

bare forestland, and a one (1) acre homesite. The property is improved with a 384 finished square foot residence built in 2018 with one (1) bedroom and one (1) bathroom. The residence also includes an unfinished 110 square foot loft with no value.

In this appeal, Appellants are only disputing the value of the 384 square foot residence, which is assessed at \$75,481, or roughly \$197 per square foot. Appellants testified it was built of mostly recycled materials and the siding has already deteriorated and needs to be replaced. The building is being used as a temporary dwelling while a residence is being built on the property.

To support a reduction in subject's valuation, Appellants provided assessment information for residential buildings described as similar to subject's. Property No. 1 was located in Harvard, Idaho, and included a 1,344 square foot residence built in 1970 with a 2022 assessed value of \$164,200, or roughly \$122 per square foot. Property No. 2 was located in Potlatch, Idaho, and was improved with two (2) cabins, each with 672 finished square feet. One (1) of the cabins is currently assessed at \$73,616, and the other at \$73,816. It was not clear the unfinished footage of the cabins, but Appellant stated the cabins were different sizes, and the larger one was assessed at roughly \$110 per square foot. Property No. 3 was located in Potlatch, Idaho, and regarded a 1,840 square foot residence with a 2022 assessed value of \$155,983, or roughly \$85 per square foot. Property No. 4 was located in Troy, Idaho, and was improved with a 1,656 square foot residence assessed for \$269,302, or roughly \$163 per square foot.

Property No. 2 was Appellants' primary concern. According to Appellants, this property's assessment has not been increasing comparatively to subject's. Appellants also testified the cabins on the sale property were designated as recreational, yet they

were being lived in and one (1) received a homeowner's exemption. Respondent clarified because the cabins have been used as Airbnb rentals, they are now assessed as residential structures.

Respondent argued subject's current assessed value is fair and equitable, and offered information on four (4) sales to support the assessment. Sale No. 1 was a 22.64 acre property located in Viola, Idaho, which sold in September 2021 for \$550,000. The property was improved with a 1974 residence with 960 finished square feet, two (2) bedrooms, and one (1) bathroom. The property was further improved with a 750 square foot garage. Respondent removed the value of the land, garage, and other improvements and calculated a value of \$227,198 for the residence, or roughly \$237 per square foot.

Sale No. 2 was a ten (10) acre property located in Deary, Idaho, which sold in June 2021 for \$399,000. The property was improved with a 1930 residence with 1,104 finished square feet, three (3) bedrooms, and one (1) bathroom. Respondent calculated a residual value of \$252,103 for the residence, or roughly \$228 per square foot.

Sale No. 3 was a 31.07 acre property located in Troy, Idaho, which sold in July 2021 for \$467,000. The property was improved with a 1980 residence with 704 finished square feet, one (1) bedroom, and one (1) bathroom. The residual value of the residence was \$270,670, or roughly \$384 per square foot.

Sale No. 4 was a ten (10) acre property located in Kendrick, Idaho, which sold in December 2020 for \$175,000. The property was improved with a 1976 residence with 900 finished square feet, two (2) bedrooms, and no bathrooms. Respondent shared the residence has no water and instead has an outhouse. Respondent calculated a residual value of \$134,500, or roughly \$149 per square foot, for the residence.

In comparison, subject is a ten (10) acre property located in Potlatch, Idaho. It is improved with a 2018 residence with 384 finished square feet, one (1) bedroom, and one (1) bathroom. The residence's 2022 valuation was \$75,481, or roughly \$197 per square foot.

Appellants expressed concern none of the sale properties concerned small residences like subject. Respondent shared subject's size is atypical and there were no similarly small property sales available. Respondent further asserted subject's abnormally small size has been taken into account by reducing the class of the home from class three (3) to class two (2).

Respondent also shared one (1) assessment to illustrate how a similarly small, recently constructed rural residence is currently assessed. The property was a 42.5 acre parcel located in Princeton, Idaho. The property was improved with a 2021 residence with 800 finished square feet, one (1) bedroom, and one (1) bathroom. The residence's 2022 assessed value was \$160,859, or roughly \$201 per square foot.

Respondent next provided the sales data for three (3) of the properties used in Appellants' analysis. First, Respondent discussed Appellants' Property No. 1, which sold in September 2021 for \$325,000. Where Appellants reported the 1,344 square foot residence was built in 1970, Respondent reported the build year was 1976. The residence had three (3) bedrooms and one (1) bathroom. Respondent extracted the residence's value from the sale price, which was \$205,540, or roughly \$153 per square foot. The assessed value provided by Respondent was \$159,940, compared to Appellant's figure of \$164,200.

Respondent next discussed Appellants' Property No. 4, which sold in August 2021 for \$370,000. The residence was built in 1955 and had two (2) bedrooms and one (1) bathroom. Respondent stated the residence was 1,596 square feet with only 828 square feet finished, which contrasted with Appellants' size figure of 1,656 square feet. The residual price of the residence was \$180,346, or roughly \$218 per square foot. The assessed value was \$156,248 according to Respondent, but \$269,302 according to Appellants.

Last, Respondent provided information regarding Appellants' Property No. 3, which sold in March 2022 for \$379,000. The residence was built in 1928 and had three (3) bedrooms and one (1) bathroom. Respondent stated the residence was 1,440 square feet with 1,140 square feet of finished area, but Appellant shared a figure of 1,840 square feet. The residence's residual sale value was \$252,679, or roughly \$222 per square foot. The assessed value was \$154,683 according to Respondent, but \$155,983 according to Appellant.

Respondent noted subject's residence is currently assessed at roughly \$197 per square foot, and Appellants' requested value would equate to \$135 per square foot. Respondent then shared the average sale prices of its sales analysis, Appellants' analysis, and all sales from 2020 and 2021: roughly \$266, \$198, and \$240 per square foot, respectively. Respondent asserted subject's assessment is well within reason, and a reduction would not be necessary or equitable.

#### 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 direct sales information for the Board’s consideration. Instead, Appellants focused on a comparison of assessed values for three (3) properties which sold in 2021 and one (1) that did not. The Board had various questions regarding the sales, especially where Respondent provided conflicting information regarding the property characteristics. Where Respondent’s property records are presumed to accurate, the Board will accept Respondent’s data as the correct information. Using Respondent’s figures, the residences were assessed from \$154,683 to \$159,940, or roughly \$119 to \$189 per square foot. Subject’s residence is currently assessed at \$75,481, or roughly \$197 per square foot.

The Board was mainly concerned with Appellants' analysis because a comparison of assessed values is not a recognized appraisal approach which would lead to an accurate estimate of market value. Plus, three (3) of the properties sold during 2021 with sale prices which ranged from \$180,346 to \$252,679, or roughly \$153 to \$222 per square foot. Respondent also pointed out the sale residences were much older and larger than subject, both of which would naturally result in lower value indications per square foot due to age and economies of scale.

Respondent additionally provided information on four (4) other sales. The properties included residences between 704 and 1,104 finished square feet with one (1) to three (3) bedrooms, zero (0) to one (1) bathroom, and 2021 sale values of \$134,500 to \$270,670, or roughly \$149 to \$384 per square foot. While the Board appreciated Respondent's sales information, there were also some concerns regarding the analysis, or lack thereof in this case. Primarily, no adjustments were made to the sale properties to make them more comparable to subject, as is typical in a traditional sales comparison analysis. This made it somewhat difficult for the Board to correlate the sales information with subject's assessed 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. The burden of proof was not met. While there were concerns with aspects of Respondent's sales comparison model, Appellants provided no market evidence of overvaluation. Further, while the Board understands Appellants' frustration with how the two (2) cabin property was assessed, that property's valuation has no bearing on subject's market value. The Board will uphold the decision of the Latah County Board of Equalization.

FINAL ORDER

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

DATED this 19<sup>th</sup> day of April, 2023.