

basement constructed in 2013. The residence totals 6,553 square feet, of which 4,060 square feet are finished.

Appellant's concern centered not on subject's market value, but rather the assessment treatment of common area parcels situated in two (2) nearby rural residential subdivisions. Specifically, Appellant pointed to a 6.06 acre parcel in the adjacent Deer Valley Reserve subdivision with a \$0 assessed value, and a 17.17 acre parcel located in the Limelight subdivision also assessed at \$0. Appellant noted all non-exempt property in Idaho is subject to assessment and taxation and argued it was improper for the referenced common area parcels to effectively escape assessment. Appellant contended the subject property should be treated the same as the common area parcels, meaning the land value should be \$0.

Respondent first explained the general methodology for determining residential land values in subject's area. According to Respondent, the first acre is assessed at a flat rate of \$75,000, with additional acreage valued at \$11,952 per acre up to twenty (20) acres. For parcels with utilities, \$9,500 is added for well, septic, and power improvements.

In more direct support of subject's valuation, Respondent offered information on three (3) recent rural residential sales. Sale No. 1, located in subject's immediate proximity and likewise not in a subdivision, was a 1.79 acre parcel which sold in March 2022 for \$896,500. Sale Nos. 2 and 3 were both located within subdivisions. Sale No. 2 concerned a 1.97 acre parcel with a May 2022 sale price of \$912,600, and Sale No. 3 was the July 2022 purchase of a 2.78 acre parcel for \$901,000. In Respondent's opinion, the sales supported subject's assessment.

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, 2023, 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 sales comparison approach, the cost approach, and the income approach comprise the three (3) primary methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The market value of residential property is commonly estimated using the sales approach, which compares recent sales of similar properties to the subject property and makes appraisal adjustments for differences in property characteristics.

Appellant's value opinion was not developed through any of the recognized appraisal approaches. Rather, Appellant argued subject's land value should be \$0 to match the \$0 assessed values of common area parcels in two (2) nearby subdivisions. The Board reached a different conclusion.

Idaho requires all property, not expressly exempted, to be assessed and taxed. Idaho Code § 63-203; see *also* Idaho Code § 63-601. This, however, is not the only requirement, as the law further requires each taxable property be annually assessed at market value. Pursuant to Idaho Code § 63-208, the Idaho State Tax Commission (STC) is responsible for developing and administering “. . . rules prescribing and directing the manner in which market value for assessment purposes is to be determined . . . ” in accordance with accepted appraisal standards. Relevant here is IDAPA 35.01.03.217.02, which identifies the sales comparison approach, the cost approach, and the income approach as the three (3) acceptable methods for determining market value. These are the only prescribed methods in Idaho by which to value property for *ad valorem* purposes.

While the Board understands Appellant’s concern that the common area parcels are potentially receiving special assessment treatment, such is not actually the case when viewed against the requirement that each taxable property be valued using at least one (1) of the three (3) accepted approaches to value. Common areas undoubtedly have value, but this property type is not particularly amenable to valuation by the recognized appraisal approaches, as common area parcels are not typically transacted in the marketplace. Rather, the value attributable to a common area parcel is inherently captured in the sale prices of the other parcels in the subdivision. A property in a subdivision with a common area amenity typically commands a higher price in the market than an otherwise similar parcel with no connection to a common area parcel. This price premium is not reflected as a separate line item on the closing statement but is intrinsic in the sale price itself. The same principle holds true for assessing parcels in a subdivision with a common area because the sale price data used to determine those assessed

values is based on sales from the subdivision or similar developments, so the sale prices already reflect the value contribution of the common area. Therefore, the common area is not escaping assessment. Rather, the market value is effectively distributed among the remaining parcels in the subdivision and captured in their respective assessed values.

Another issue with Appellant's position is the inherent difficulty in accurately estimating the market value of a common area. A common area parcel is a special property type, as its use is restricted to that of a common area in a platted subdivision. It is not a residential parcel and cannot be developed for another purpose. Nor could a common area parcel be easily sold on its own, if it could be sold at all. In short, any attempted valuation of a common area parcel would be entirely subjective, as there is no market data by which to develop a reliable estimate of value using one (1) of the accepted methods of valuation. This would in turn run afoul of the statutory requirement that all property be assessed at market value. In short, the Board found no error in Respondent's assessment treatment of the common area parcels referenced by Appellant.

Even if the above were not the case and the referenced common area parcels had indeed escaped assessment as claimed by Appellant, such a circumstance would not justify reducing subject's land value. As the law clearly states, every non-exempt property is subject to assessment and taxation. This, of course, applies equally to the subject property, regardless of how any other parcel was or was not assessed.

The burden of establishing error in subject's valuation by a preponderance of the evidence is Appellant's to bear. Idaho Code § 63-511. Where Appellant provided no sales or other market data indicating subject's assessed value is above market, the Board did not find the burden of proof satisfied. The sales data offered by Respondent was generally

supportive of subject's valuation. Accordingly, the decision of the Bannock County Board of Equalization is affirmed.

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, AFFIRMED.

DATED this 29th day of February, 2024.