

BEFORE THE IDAHO BOARD OF TAX APPEALS

SEONGTAE KWON,)	
)	
Appellant,)	APPEAL NO. 23-A-1141
)	
v.)	FINAL DECISION AND ORDER
)	
BONNEVILLE COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bonneville County Board of Equalization modifying the valuation for taxing purposes on property described by Parcel No. RPA2086009035O. The appeal concerns the 2023 tax year.

This matter came on for hearing October 24, 2023, in Idaho Falls, Idaho, before Board Member Doug Wallis. Jean Chung appeared at hearing for Appellant. Bonneville County Assessor Dustin Barron 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 Bonneville County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$64,319, and the improvements' value is \$466,550, totaling \$530,869. Appellant contends the correct total value is \$438,982.

The subject property is a .29 acre improved residential parcel located in The Village subdivision in Idaho Falls, Idaho. The property is improved with a ranch style

residence with an attached garage constructed in 2013. The residence includes 1,671 square feet on the main floor and 1,637 square feet in the basement, of which 1,437 square feet are finished.

For 2023, the subject property was initially assessed for \$545,999, which was reduced by the Bonneville County Board of Equalization to \$530,869 after some corrections were made to the property record. Though the reduction was appreciated, Appellant argued it was insufficient to achieve market value and stressed it still represented an approximately \$100,000 increase over the 2022 valuation and was thus unreasonable in Appellant's view.

In support of a lower valuation, Appellant offered information concerning three (3) sales from subject's subdivision. Sale No. 1 was a 3,510 square foot three (3) bedroom, two (2) bathroom residence constructed in 2006 which sold in October 2022 for \$449,000. Sale No. 2 concerned a 2,624 square foot five (5) bedroom, three (3) bathroom residence constructed in 2020 which sold in April 2022. The purchase price was not clear, but Appellant provided an estimated value from Zillow of \$488,000. Sale No. 3 was the \$451,000 purchase in August 2022 of a 3,180 square foot five (5) bedroom, three (3) bathroom residence constructed in 2003. Appellant reported there were no current listings in the development above \$500,000 and argued there was no market support for subject's valuation of roughly \$530,000.

Respondent explained subject's neighborhood was trended for the 2023 assessment year. According to Respondent, this trending, in addition to the removal of a 10% functional adjustment for some water damage that was in place since 2019, caused the increase in subject's assessed value.

In support of subject's current valuation, Respondent offered two (2) groups of sales from 2022. According to Respondent, the first set of sales was used to determine subject's assessed value. This group was comprised of six (6) sales located in town but outside subject's subdivision, in areas described by Respondent as similar. The sale residences, constructed from 2010 to 2017, ranged in gross living area from 3,240 to 3,366 square feet. Sale prices were from \$505,000 to \$590,000. Respondent calculated residual price rates from roughly \$270 to \$306 per square foot for the sale residences, after removing assessed land values and dividing the respective sale prices by the main floor square footage of the residences. On the same basis, the assessed value of subject's residence is roughly \$279 per square foot, which Respondent noted was less than the average price rate of about \$288 per square foot for the sales.

Respondent's second sales group included ten (10) sales from subject's subdivision which sold during 2022, including two (2) of the same sales reported by Appellant. The sale residences were constructed between 1997 and 2020 and ranged in gross living area from 2,068 to 3,510 square feet. Sale prices ranged from \$360,000 to \$620,000. Residual price rates were from roughly \$225 to \$324 per square foot for the sale residences, with an average of roughly \$272 per square foot. Respondent regarded these sale properties as generally inferior to subject in terms of age and square footage and contended the first group of sales offered a more reliable estimate of subject's market value.

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 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 the differences in property characteristics between subject and the sale properties.

Both parties provided recent sales information in support of their respective value positions, but neither party developed a traditional sales comparison model with adjustments made for differences between subject and the sale properties. The primary difference between the parties' sales data was the locations of the sale properties. Appellant focused on sales from subject's subdivision, whereas Respondent relied entirely on sales outside the development located approximately eight (8) to ten (10) miles away on east side of Interstate 15. The Board found Respondent's sales outside subject's

subdivision curious because it is well known that location can significantly influence market value.

Respondent characterized the subdivision in which its sale properties were located as similar to subject's subdivision. This characterization, however, does not square with the assessed land valuation data provided to the record. Assessed land values for the sales in subject's subdivision were lower than the sales outside the subdivision. Clearly, there is a difference between subject's location, which is in immediate proximity to the airport on the west side of Interstate 15, and the subdivisions to the east of Interstate 15 in which Respondent's sale properties are located. While Respondent's sale residences were generally similar in age and size to the subject residence, the absence of any consideration or adjustments for the differences in location was viewed by the Board as a weakness in the analysis.

Looking at the sales from subject's subdivision, only one (1) sold in excess of \$500,000, which was a 3,478 square foot residence constructed in 2020. The three (3) sale residences closest in age and gross living area to subject ranged in year built from 2013 to 2015, and in size from 2,740 to 3,386 square feet. These three (3) properties sold from \$368,000 to \$495,000. Removing the lowest priced sale, which was also the smallest residence with the least amount of finished basement space, leaves a 2,842 square foot residence constructed in 2013 which sold for \$485,000 and a 3,386 square foot residence constructed in 2015 which sold for \$495,000. With the exception of the referenced sale in excess of \$500,000, these are the two (2) highest priced sales from subject's subdivision, and both sale prices are notably lower than subject's assessed value of \$530,869.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Given the record in this matter, the Board found the burden of proof satisfied, but did not find adequate support for the value petitioned by Appellant. In weighing the sales data, with emphasis on the sales from subject's subdivision most similar in size and age, the Board found a value of \$490,000 for the subject property reasonable in this instance. The decision of the Bonneville County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bonneville County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED, reducing subject's total valuation to \$490,000, with \$425,681 attributable to the improvements and \$64,319 to the land.

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 that under certain circumstances the above-ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 13th day of February, 2024.