

BEFORE THE IDAHO BOARD OF TAX APPEALS

GEORGE MCQUISTON,)	
)	
Appellant,)	APPEAL NO. 23-A-1221
)	
v.)	FINAL DECISION AND ORDER
)	
CUSTER COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Custer County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP15N19E264220A. The appeal concerns the 2023 tax year.

This matter came on for hearing October 25, 2023, in Challis, Idaho, before Hearing Officer Travis VanLith. Appellant George McQuiston was self-represented. Custer County Assessor Jacquiel Bruno 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 Custer County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$98,880, and the improvements' value is \$278,790, totaling \$377,670. Appellant contends the correct total value is \$300,000.

The subject property is a 20.31 acre rural residential parcel located along Highway 93 roughly eight (8) miles north of Challis, Idaho. The property is improved with a two (2)

bedroom, one and three-quarter (1³/₄) bathroom residence constructed in 1982. The residence totals 2,580 square feet in size distributed evenly between the main floor and the basement. The property is further improved with a small, dilapidated utility shed.

Appellant explained the subject property was listed for sale by owner in October or November 2022 with an asking price of \$325,000. Ultimately, Appellant's offer of \$300,000 was accepted by the seller and the sale closed in May 2023 in what Appellant characterized as an arm's-length transaction between a willing, capable buyer and a willing seller under no compulsion to sell. In Appellant's view, subject's purchase price is the market value of the property and the assessed value should be reduced accordingly.

Appellant additionally described some attributes argued to diminish subject's market value. First, the subject parcel is located on a steep, rocky hillside, most of which is unusable. Appellant estimated approximately one (1) acre of the property is level and buildable. Appellant also described the interior of the residence as being dated and in generally rough condition. Lastly, the utility shed has only two (2) sides and is falling down and will soon be entirely removed from the property.

Respondent disagreed only one (1) acre of the subject parcel is usable but did concur the "good" condition rating assigned to the residence was likely overstated based on Appellant's description of the interior. In terms of value evidence, Respondent offered information on five (5) recent improved sales and two (2) vacant lot sales. The vacant parcels were 1.33 and 5.47 acres in size and sold in August 2022 for \$30,000 and \$175,000, respectively. The improved sales concerned residences constructed from 1975 to 2008 and ranged in above grade living area from 1,376 to 1,876 square feet. All the sale residences had "good" condition ratings, though only three (3) included basements.

Sale prices ranged from \$285,000 to \$489,000, or from \$158 to \$352 per above grade square foot. On a like basis, subject's assessed value is \$377,670, or \$293 per square foot, which Respondent argued was reasonable against the sales data.

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. There are three (3) approaches to value: the sales comparison approach, the cost approach, and the income approach. *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.

Appellant's primary argument was subject's current assessed value should match the May 2023 purchase price of \$300,000. The Board agrees a property's recent arms-length purchase price is generally the best evidence of market value, but in this case, the subject property was purchased in May 2023, which is approximately five (5) months after the relevant January 1, 2023, date of valuation. As such, the price data is untimely for purposes of establishing subject's market value on January 1st and thus did not factor in the Board's analysis.

Respondent's sales data, on the other hand, was timely, as all seven (7) sales transpired during 2022. That being said, there were some questions of comparability between subject and the sale properties. In addition to the sale parcels being only a fraction of subject's 20.31 acre size, all the sale residences had "good" condition ratings. At hearing, however, it was learned subject's residence suffers from interior condition issues, which were not considered in the valuation and not reflected by the "good" condition rating assigned to the residence. Without more details regarding the specific condition issues, the Board was unable to determine a proper condition rating for the subject residence, but even Respondent agreed the rating should be lower. The Board concurs and will reduce the value of subject's residence.

Appellant additionally argued the value of the small utility shed should be \$0, as it has only two (2) sides and is falling down. Appellant testified the shed is worthless and will soon be removed from the property. Given that the shed sits unused and is structurally unsound, it is difficult to conclude it contributes to the market value of the property. In the Board's view, the shed's \$640 assessed value should be removed from the overall valuation of the property.

In appeals to this Board, Appellant bears the burden of proving subject's valuation is erroneous by a preponderance of the evidence. Idaho Code § 63-511. Though the Board did not find sufficient support for the value petitioned by Appellant, we did find the burden of proof satisfied in terms of establishing error in subject's assessed value. Based on the evidence presented, the Board will reduce the value of the utility shed to \$0 and the value of subject's residence to \$240,000 to better reflect its condition. The decision of the Custer County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Custer County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in total valuation to \$338,880, with \$240,000 attributable to the residence, \$98,880 to the land, and \$0 to the utility shed.

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 5th day of February, 2024.