

BEFORE THE IDAHO BOARD OF TAX APPEALS

DEVANEE AND BONNER MORRISON,	)	
	)	
Appellants,	)	APPEAL NO. 23-A-1264
	)	
v.	)	FINAL DECISION AND ORDER
	)	
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Bannock County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPRRLR3011500. The appeal concerns the 2023 tax year.

This matter came on for hearing October 31, 2023, in Pocatello, Idaho, before Board Member Doug Wallis. Appellants Devanee and Bonner Morrison were self-represented. Bannock County Chief Deputy Assessor Randy Hobson 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 Bannock County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$83,798, and the improvements' value is \$20,400, totaling \$104,198. Appellants agree with the value of the improvements value, however, contend the correct land value is \$70,000, totaling \$90,400.

The subject property is a 5.08 acre parcel located in the Lava Ranch Phase 3 subdivision, a rural recreational subdivision located south of Lava Hot Springs, Idaho. The property is improved with a 504 square foot cabin constructed in 2018.

Appellants were concerned about the accuracy of subject's assessed value and the information used to develop such value. To this end, Appellants offered sales information which Respondent presented at a 2022 hearing before the Bannock County Board of Equalization and pointed out none of the three (3) sale prices matched the respective assessed values. Specifically, Sale No. 1 had a time-adjusted sale price of \$80,518 and a 2022 assessed value of \$66,052, Sale No. 2 had an adjusted sale price of \$84,038 and was assessed for \$81,086, and Sale No. 3 had an adjusted price of \$107,531 and an assessed value of \$94,194. Appellants argued the sale prices represented the market values for the respective sale properties, and therefore the assessed values should match. However, as the assessed values of the sale properties were less than the respective sale prices, Appellants reasoned subject's value was inflated because it was based on those higher sale prices instead of the lower assessed values.

In support of subject's assessed value, Respondent offered information on three (3) vacant lot sales. Sale No. 1 was a 5.12 acre lot which sold for \$113,000 in July 2022. Sale No. 2 concerned a 3.5 acre lot with a February 2022 sale price of \$65,000. Sale No. 3 was the December 2022 purchase of a 3.3 acre lot for \$79,900. Respondent applied a 1% per month time adjustment to each sale price to reflect pricing levels on January 1, 2023, which yielded time-adjusted sale prices of \$119,780, \$72,150, and \$80,699, respectively. Respondent regarded Sale No. 1 as the best indicator of subject's value, as it was most comparable in size and location.

## 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, 2023, 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. 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). Residential property is commonly valued using the sales comparison approach, which approach in simple terms compares recent sales of similar property to subject and makes appraisal adjustments for differences in key property characteristics.

Appellants offered some sales data, but the focus was the variance between the time-adjusted sale prices and the respective assessed values, which in Appellants' view demonstrated unreliability in the assessment process generally, and subject's assessed value specifically. Appellants contended the assessed values should match the sale prices because the sale prices are the market values of those properties. The Board

understands Appellants' concerns and agrees the recent arm's-length purchase of a property is generally regarded as a good indicator of the property's market value.

However, as observed by the Idaho Supreme Court,

In any single individual transaction there are many variables which are dependent upon the peculiar aspects of the transfer and which affect the price agreed upon by the parties. Market value, therefore, is generally established by numerous sales of the same or comparable property and, although the price paid for property may be admissible to prove its market value, that fact alone is not conclusive.

*Gillingham v. Stadler*, 93 Idaho 874, 878, 477 P.2d 497, 504 (1970).

This principle is particularly relevant in the context of assessment, which relies on numerous sales to identify value trends in the marketplace that are then broadly applied to a class or group of similar properties, including the sale properties in the group. It would therefore be rare for a property's assessed value to precisely mirror its sale price. There could be any number of reasons for a variance between assessed value and sale price, such as property upgrades not captured in Respondent's records, or the property not having been reappraised for several years so it was lagging behind the market. Regardless of the reasons, the variances highlighted by Appellants are not surprising and do not justify a reduction in subject's valuation.

Even ignoring the above, Appellants' analysis was fundamentally flawed where it was based on a comparison of assessed values, which is not a recognized appraisal approach. Market value necessarily requires an analysis of relevant sales activity and other market data. In this respect, Respondent's analysis was better received by the Board, as it utilized three (3) recent sales of reasonably similar properties. Particularly persuasive was Sale No. 1, which was a 5.12 acre vacant lot in subject's neighborhood with a \$113,000 sale price. Even the sales data offered by Appellants was supportive of

subject's valuation, as two (2) of the three (3) adjusted sale prices exceeded subject's assessed value. In short, there were no sales or other market data to support Appellants' value claim.

Pursuant to Idaho Code § 63-511, Appellants bear the burden of establishing error in subject's valuation by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. Here, where both parties' sales data was found supportive of subject's assessed value, there was no good cause to disturb the 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 29<sup>th</sup> day of February, 2024.