

BEFORE THE IDAHO BOARD OF TAX APPEALS

CRYSTAL SPRINGS MOUNTAIN, LLC,)	
)	
Appellant,)	APPEAL NO. 23-A-1262
)	
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 modifying the valuation for taxing purposes on property described by Parcel No. RPR4225004114. The appeal concerns the 2023 tax year.

This matter came on for Zoom hearing December 11, 2023, before Hearing Officer Travis VanLith. Andreas Heldwein appeared at hearing for Appellant. Bannock County Assessor Anita Hymas 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 unimproved residential property.

The decision of the Bannock County Board of Equalization is affirmed.

FINDINGS OF FACT

The original assessed land value was \$142,121, which was reduced to \$127,909 by the Bannock County Board of Equalization (BOE). Appellant contends the correct land value is \$37,760.

The subject property is a twenty (20) acre rural residential tract located between McCammon and Lava Hot Springs, Idaho. The property is situated on a mountainside in what is locally referred to as the Crystal Springs subdivision, though the development was never legally formed. The property is improved with three (3) shipping containers attached to concrete foundations. Subject's topography was described as steep, with an average slope of 20% over roughly sixteen (16) acres of the parcel and steeper slopes across the remaining acreage.

Appellant detailed several of subject's characteristics argued to diminish the market value. In addition to the lack of utilities, access was noted to be an issue, as subject is located nearly 1.4 miles from the nearest county-maintained road and is accessible only part of the year via a private single-lane gravel road. The access road has an overall grade of 16%, which Appellant noted exceeds the 10% maximum standard of the county's Planning and Zoning department. Due to the steep grade and narrow road width, fire protection services are not available to the subject property. Appellant further explained the difficult road doubled the delivery costs for the gravel and concrete used to build the foundations under the shipping containers, because the trucks could only carry half-full loads up the mountain.

Appellant's key concern was with the roughly 300% increase in subject's assessed value over the 2022 valuation, from \$32,000 to \$127,909. Appellant explained the \$32,000 valuation was determined in this Board's final decision issued in April 2022 concerning subject's assessed value for tax year 2021. Due to a lack of similar sales, the Board ultimately resolved to rely on Appellant's purchase of the subject property in 2019 for \$25,000 and time-adjust the price to January 1, 2021, the relevant date of valuation in

the appeal. The \$32,000 value ordered by the Board stayed in place for the 2021 and 2022 tax years as required by statute, but a new assessed value was determined for 2023. As there have been no other sales within the subdivision since the Board's decision, Appellant reasoned the same rationale should apply and the \$32,000 figure should be time-adjusted to January 1, 2023.

Respondent explained its valuation methodology for parcels in subject's market area is to assign a standard site value of \$46,000 to the first acre of each parcel, with additional acreage valued on a declining scale from \$10,400 to \$5,000 per acre. Subject's first acre was assessed the standard \$46,000 site value, and the additional acreage was valued at \$5,059 per acre. These rates are lower following the 10% topography adjustment made by the BOE.

Respondent pointed to a couple causes for the large increase in subject's assessed value. In addition to the expiration of this Board's 2021 decision and a reappraisal of the property, subject's property records were moved into a new computer system. Starting in 2019, the assessor's office began a multi-year effort to convert all property records in the county into a new computerized appraisal system, with a goal of converting roughly 20% of the parcels each year. While working through the conversion process, a property's assessed value was held static each year until the property was moved into the new system. Subject's property record was converted in 2022, meaning the value had been held steady for several years and did not keep up with the unprecedented market appreciation over that period. Respondent maintained the 2023 valuation captures the effect of those several years of appreciation and was otherwise reasonable and supported by local sales activity.

In more direct support of subject's valuation, Respondent offered information on three (3) vacant rural land sales located several miles from subject, near Lava Hot Springs. The sale properties were noted to have only partial-year access via dirt roads, similar to subject. The properties have no utilities, and public services like fire protection and county road maintenance are unavailable. Sale No. 1 was an 11.81 acre parcel with an overall slope of 15 degrees which sold for \$134,000 in November 2021. Sale No. 2 was the September 2022 purchase of a 21.90 acre tract with a 21-degree slope for \$240,000. Sale No. 3 concerned an 18.90 acre parcel with slopes varying from 29 to 43 degrees which sold for \$170,000 in December 2022. Respondent applied a 1.5% per month time-adjustment factor to the sales, resulting in adjusted prices of \$171,520, or \$0.33 per square foot; \$259,200, or \$0.29 per square foot; and \$173,400, or \$0.21 per square foot, respectively. By comparison, subject's assessed value is \$127,909, or \$0.15 per square foot.

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 three (3) primary approaches for determining market value include 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). Residential property is typically valued using the sales comparison approach which, in basic terms, compares recent sales of similar properties to the subject property and makes adjustments for differences in property characteristics.

Appellant did not develop an opinion of value utilizing one (1) of the above valuation approaches, nor did Appellant offer recent sales information in support of a lower valuation. Rather, Appellant contended subject's baseline value should be the \$32,000 value ordered by this Board in April 2022, plus a 1.5% per month time-adjustment factor to bring the value up to current market levels. Though the Board understands Appellant's reasoning, it is flawed for a couple of reasons. First, a decision of this Board stands alone and has no precedential effect on other pending or future cases. A value ordered by the Board is effective only for the assessment year under appeal and the subsequent year, after which the assessor's office has a duty to bring the value up or down to market level. See Idaho Code See Idaho Code § 63-3813. The \$32,000 value determined by the Board was as of January 1, 2021, so is two (2) years old and does not reflect the historic appreciation the market has experienced since that time.

Second, and more importantly, the \$32,000 figure was the market value conclusion the Board reached based on the evidentiary record created in that particular appeal,

which is drastically different than the record in this current appeal. In the prior appeal, the sales provided by Respondent did not share subject's challenging attributes like steep topography, difficult access, and no utilities. In the instant appeal, Respondent's analysis focused on sales of large rural tracts which have many of the same difficult characteristics as subject. To ignore the recent sales data and instead rely on a two (2) year old valuation determined under different circumstances and using different market data would run contrary to accepted standards of appraisal and would fall short of the market value standard required by Idaho Code. As such, the Board declined to adopt the methodology advocated by Appellant.

Respondent offered support for subject's current valuation in the form of three (3) recent sales of rural tracts from 11.81 to 21.90 acres in size. After adjusting the sale prices for date of sale, Respondent calculated time-adjusted prices from \$171,520 to \$259,200, or from \$0.21 to \$0.33 per square foot. Though the sale properties were characterized as similar to subject in several key characteristics, it is apparent other notable differences exist, as subject's assessed value is more than \$40,000 less than the lowest adjusted sale price.

Also concerning is the lack of sales from subject's subdivision, the last of which was subject's purchase in 2019 for \$25,000. Admittedly, the purchase price is rather stale for purposes of estimating current market value, but it is difficult to ignore it is only a fraction of the recent sale prices reported by Respondent involving vacant tracts located approximately ten (10) miles from subject in different subdivisions. While it is difficult to accept the rate of appreciation suggested by subject's current assessed value of roughly \$128,000 compared to its \$25,000 purchase price in 2019, the Board's review is restricted

to the record before it. Here, the only recent market data in the record was Respondent's sales, and where subject's assessed value is less than the adjusted price rates reported by Respondent, the Board did not find support for a lower valuation.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Here, where Appellant did not provide any recent sales or other competing market data to that offered by Respondent, the Board did not find the burden of proof satisfied. 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 26th day of March, 2024.