

BEFORE THE IDAHO BOARD OF TAX APPEALS

GEORGE MCQUISTON,	)	
	)	
Appellant,	)	APPEAL NOS. 24-A-1076
	)	through 24-A-1080
v.	)	
	)	FINAL DECISION AND ORDER
CUSTER COUNTY,	)	
	)	
Respondent.	)	
_____	)	

**RESIDENTIAL PROPERTY APPEALS**

These appeals are taken from decisions of the Custer County Board of Equalization denying appeals of the valuations for taxing purposes on properties described by Parcel Nos. RP15N19E264220A, RPA0001007002CA, RPA00110160030A, RPA00120010110A, and RP000620020060A. The appeals concern the 2024 tax year.

These matters came on for hearing November 21, 2024, in Challis, Idaho, before Board Member Doug Wallis. Appellant George McQuiston was self-represented. Custer County Assessor Jacquell Bruno represented Respondent.

Board Members Leland Heinrich, Kenneth Nuhn, and Doug Wallis join in issuing this decision.

**The issues on appeal concern the market values of five (5) residential properties.**

**The decisions of the Custer County Board of Equalization are modified and affirmed.**

FINDINGS OF FACT

Parcel No. RP15N19E264220A (Appeal No. 24-A-1076)

The assessed land value is \$98,880, and the improvements' value is \$240,000, totaling \$338,880. Appellant contends the correct total value is \$250,000.

Parcel No. RPA0001007002CA (Appeal No. 24-A-1077)

The assessed land value is \$32,200, and the improvements' value is \$129,890, totaling \$162,090. Appellant contends the correct total value is \$159,970.

Parcel No. RPA00110160030A (Appeal No. 24-A-1078)

The assessed land value is \$26,540, and the improvements' value is \$159,010, totaling \$185,550. Appellant contends the correct total value is \$182,870.

Parcel No. RPA00120010110A (Appeal No. 24-A-1079)

The assessed land value is \$26,890, and the improvements' value is \$204,040, totaling \$230,930. Appellant contends the correct total value is \$227,570.

Parcel No. RP000620020060A (Appeal No. 24-A-1080)

The assessed land value is \$35,800, and the improvements' value is \$92,980, totaling \$128,780. Appellant contends the correct total value is \$120,890.

At hearing, Appellant declared there were no disputes with the valuations of the last four (4) above-listed properties (Parcel Nos. RPA0001007002CA, RPA00110160030A, RPA00120010110A, and RP000620020060A), though Appellant did not officially withdraw the appeals. Because the parties offered no testimony or other evidence related to these four (4) parcels, they will be ignored for discussion purposes in this decision. The remaining parcel (Parcel No. RP15N19E264220A) will be referred to singularly as the subject property for this decision.

The subject property is 20.31 acre rural residential parcel located roughly eight (8) miles north of Challis, Idaho. The property is improved with a single-story residence over a basement with an attached garage. The residence has 950 square feet on the main floor and 950 square feet in the lower level, and the attached garage has 340 square feet

of living space on the main level and 340 square feet of garage space in the lower level. There is one (1) bedroom and one (1) bathroom on the main level and just one (1) bathroom in the basement.

Appellant purchased the subject property in May 2023 for \$300,000. According to Appellant, the property had been listed on Zillow with an asking price of \$325,000, and after approximately five (5) months on the market, Appellant's \$300,000 offer was accepted. Appellant characterized the sale as an arm's-length transaction between unrelated parties and contended the purchase price represented the market value of the property at that time. Since the purchase, however, the residence has been completely gutted in preparation for extensive renovation. As of January 1, 2024, Appellant testified the residence had no heating system, electrical, plumbing, or finish of any kind. In Appellant's view, the current market value of what remains of the residence and the parcel's roughly twenty (20) acres is no more than \$250,000.

Respondent first noted the subject property was appealed last year to the Board of Tax Appeals (BTA) concerning its 2023 valuation and the BTA ordered the total assessed value be reduced to \$338,880, with \$240,000 attributable to the residence and \$98,880 to the land. Relying on its understanding of Idaho Code § 63-3813 that a value ordered by the BTA is effective for the tax year at issue and the subsequent year, Respondent left the BTA's \$338,880 value in place for the current 2024 assessment year. Respondent was unaware subject's residence had been gutted, but maintained its decision to carryforward the BTA's value to 2024 was proper.

Respondent offered further support for the current valuation in the form of nine (9) sales from the general area which closed in 2022 and 2023. The sale residences were

constructed between 1975 and 2022 and varied in above-grade living area from 1,290 to 1,876 square feet. Sale prices ranged from \$160,000 to \$489,000, or from \$11 to \$306 per square foot. Respondent contended subject's current assessed value of roughly \$339,000, or \$262 per square foot was reasonable given the available 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, 2024, 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 commonly valued using the sales comparison approach, which in simplistic terms compares recent sales of similar properties to the subject property, with adjustments made for differences in relevant characteristics.

Before considering subject's valuation, the Board will clarify the meaning of the provisions in Idaho Code § 63-3813 related to when the BTA orders a market value change. The statute reads in relevant part,

A final decision or order of the board of tax appeals directing a market value change for taxable property that is not further appealed shall be fixed for the current year appealed and there *shall be no increase in value* for the subsequent assessment year *when no physical change occurs* to the property; provided however, that *annual trending or equalization* applied to all properties of a property class or category with the county or a clearly defined area *shall still apply*. . . .

(Emphasis added).

Generally speaking, a value ordered by the BTA is effective for the year at issue and the subsequent assessment year. A closer reading, however, reveals that while the value ordered by the BTA shall not be increased the subsequent year, the statute makes no mention of decreasing a Board-ordered value the subsequent year.

The statute also provides two (2) exceptions to the prohibition against increasing a BTA value the subsequent year: 1) when a physical change occurs to the property, and 2) when broad market trending or equalization is applied to a class of property or a defined area. Here, the subject residence has been completely gutted since the 2023 appeal, which is certainly the type of physical change that should result in a different valuation. That being said, the Board is aware Respondent only learned the residence had been gutted at the hearing so did not have an opportunity to evaluate subject's market value in its current condition.

Respondent offered some sales information in support of subject's current assessed value; however, where Respondent did not use them to develop subject's valuation, but instead simply carried forward the value ordered by the BTA last year, we

see little benefit in evaluating Respondent's sales analysis. In its 2023 decision, this Board determined a value of \$240,000 for subject's residence, which is an appropriate starting point in this case and is consistent with the sales information in the record. Based on the information Appellant shared regarding the current condition of the residence, Respondent estimated the dwelling was roughly 60% to 70% complete. Using these guidelines, the Board finds good cause to reduce the value of subject's residence to \$145,000.

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. In short, the Board found the burden of proof satisfied in this instance. Given the record in this matter, the Board will reduce subject's total valuation to \$243,880, as detailed below.

As nothing was offered regarding the other parcels appealed by Appellant, there is no basis to change the respective assessed values.

The decisions of the Custer County Board of Equalization are modified with respect to Parcel No. RP15N19E264220A, and affirmed with respect to Parcel Nos. RPA0001007002CA, RPA00110160030A, RPA00120010110A, and RP000620020060A.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Custer County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED and AFFIRMED, as follows:

MODIFIED

Parcel No. RP15N19E264220A (Appeal No. 24-A-1076)

Land:	\$98,880
<u>Improvements:</u>	<u>\$145,000</u>
Total Value:	\$243,880

AFFIRMED (no value change)

Parcel No. RPA0001007002CA (Appeal No. 24-A-1077)

Parcel No. RPA00110160030A (Appeal No. 24-A-1078)

Parcel No. RPA00120010110A (Appeal No. 24-A-1079)

Parcel No. RP000620020060A (Appeal No. 24-A-1080)

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 4<sup>th</sup> day of March, 2025.