

BEFORE THE IDAHO BOARD OF TAX APPEALS

DAREN SUDWEEKS,	)	
	)	
Appellant,	)	APPEAL NO. 24-A-1235
	)	
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. RPR4013052700. The appeal concerns the 2024 tax year.

This matter came on for hearing December 10, 2024, in Pocatello, Idaho, before Board Member Doug Wallis. Appellant Daren Sudweeks was self-represented. 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 improved residential property.**

**The decision of the Bannock County Board of Equalization is modified.**

FINDINGS OF FACT

The assessed land value is \$113,360, and the improvements' value is \$581,018, totaling \$694,378. Appellant contends the correct land value is \$95,000, and the improvements' value is \$430,000, totaling \$525,000.

The subject property is a 1.94 acre parcel located on the southern outskirts of Pocatello, Idaho. Subject is improved with a 5,176 square foot 2016 residence with three (3) bedrooms, two and one-half (2½) bathrooms, and 2,642 square feet of attached “garage” space. The residence includes 2,498 square feet of finished area on the main level and 2,678 square feet in the basement, of which 450 square feet are finished. The attached garage area includes 1,276 square feet on the main floor and 1,348 square feet in the basement.

Appellant explained the residence is unfinished and provided details regarding subject’s condition and estimated costs of material and labor to finish the residence. Regarding the main level, Appellant stated there is no flooring, baseboards, permanent cabinetry, or sink in the laundry room; the two (2) closets in the master suite are unfinished with no floor coverings; there are no baseboards in the master bathroom; the landing on the stairs to the basement does not have floor coverings or baseboards; some trimming is needed at the front door; crown molding needs to be installed by the stairs; and the fireplace needs the hearth and seat finished.

Regarding the basement, Appellant shared the bathroom is the only room with sheetrock and paint; the bathroom sink is currently outside the bathroom; and a bedroom has sheetrock on the ceiling and walls, but no paint. Appellant also shared the rock veneer facing is not yet installed on the exterior of the residence, the deck is framed but no railing or deck boards are installed, there is no central air conditioning, the boiler is defective, the only heat in the residence is provided by a gas fireplace in the living room and plug-in space heaters throughout the rest of the residence, the garage is not insulated or sheet-

rocked, a new well is needed, the driveway needs graded and graveled, and a stairway needs to be installed on the right side of the garage.

Appellant shared cost to cure estimates on most of the items outlined. Material estimates were sourced from Home Depot's website as of late 2024. Unless otherwise stated, it was not clear where Appellant obtained labor quotes. For the laundry room, the estimated material cost was \$10,269, and the labor cost was estimated at \$1,500, totaling \$11,769. Carpeting and baseboards for the landing, stairs, and master closets was estimated at \$2,413; master closet rods and shelving was estimated at \$9,800; and installing a sink and baseboards in the master bathroom was estimated at \$1,300. Trim and crown molding was estimated at \$1,000. The estimated material cost for the rock veneer for the front of the residence was \$5,337, and the labor cost was estimated at \$2,700, totaling \$8,037. Estimated material costs for the deck totaled \$20,648, and labor was estimated at \$8,500, totaling \$29,148. Appellant noted the labor estimates for the rock veneer and deck installation were from quotes roughly five (5) or six (6) years ago and opined the costs have likely risen. Appellant next shared a 2024 quote on the cost to replace the defective boiler and install a central HVAC system, which totaled \$30,250. Lastly, Appellant stated no quotes were obtained but estimated a new well would cost \$45,000, and the driveway grading and gravel would cost \$12,000. Overall, repair and finishing cost estimates totaled \$150,717.

Appellant also shared some market information provided by a local realtor, which included two (2) 2024 sales and an active listing. Sale No. 1 was located on subject's street and sold in October 2024 for \$660,000. The property was 2.93 acres and improved with a 3,172 square foot 2015 residence with 1,868 square feet on the main floor and

1,304 square feet in the walk-out basement. The residence included five (5) bedrooms and three and one-half (3½) bathrooms, as well as an attached garage. After adjusting for living area and bedroom and bathroom count<sup>1</sup>, the adjusted price was \$572,500.

Sale No. 2 was roughly two (2) miles from subject and sold in October 2024 for \$651,625. The property was .63 acres and improved with a 3,912 square foot 1981 residence with 1,985 square feet on the main floor and 1,927 square feet in the basement. The residence included six (6) bedrooms and three and one-half (3½) bathrooms, as well as an attached garage. After adjusting for living area and bedroom and bathroom count, the adjusted price was \$507,775.

The active listing had an asking price of \$719,900 as of September 2024. The property was .75 miles from subject, was 1.51 acres in size, and was improved with a 3,500 square foot 2022 residence with 2,100 square feet on the main floor and 1,400 square feet in the basement. The residence included four (4) bedrooms and three (3) bathrooms, as well as an attached garage. After adjusting for living area and bedroom and bathroom counts, the adjusted listing price was \$622,400. Overall, the analysis resulted in an indicated value of \$567,608 for subject.

Respondent addressed subject's finish level and how it was reflected in the assessment. The assessment has a negative \$38,647 adjustment to address subject's minimal level of finish, and it was noted the lack of rock on the front of the residence was adjusted for, along with other condition/finish items for the rest of the residence. Respondent shared the well and septic are assessed at \$9,500 total, which is the

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<sup>1</sup> The sales analysis utilized figures which deviated from the county's record of subject's residence. Appellant's analysis stated subject has 2,948 square feet on the main floor, of which 2,385 square feet are finished, and 2,288 square feet in the basement, of which 0 feet are finished. The analysis also indicated subject has two (2) bedrooms and two and one-half (2½) bathrooms.

standard utility value on parcels throughout the county, so opined a roughly \$45,000 negative adjustment would be inappropriate. The well has an assessed value of \$6,500 and is considered functioning. An adjustment for the deck was also deemed inappropriate, as the deck has no value on the assessment because it is unfinished. Air conditioning is similarly not assessed, as it is not present. Respondent did state, however, that forced air heat is included in the assessed value, though the valuation was not clear. Respondent noted that during a recent inspection, it was estimated there are 300 to 400 square feet without floor covering on the residence's main level. Respondent stated a negative \$3,269 adjustment to subject's assessment would be reasonable. It was noted that, overall, subject's finish issues and general functional obsolescence have already been accounted for in the assessment.

Appellant argued a well adjustment should be made, as it is an issue which would need to be remedied before subject could be sold. Appellant also clarified the well provides barely enough water for the residence's needs, and there is no water available for potential landscaping, so argued an adjustment is further warranted for the lack of landscaping. The lack of heating system was also noted to make selling impossible, or at the least very difficult.

Respondent also conducted a sales analysis in support of subject's current assessment. All sale properties were located in subject's Mink Creek area. Sale No. 1 regarded a 1.97 acre parcel improved with a 4,518 square foot single-story 2018 residence with a basement. The finished living area totaled 4,044 square feet. The property sold in April 2023 for \$890,000. Respondent time-adjusted the sale price, then

removed the assessed values of the other improvements and the land. The residual value of the residence was \$803,051, or \$199 per finished square foot.

Sale No. 2 was a 2.01 acre parcel improved with a 4,156 square foot single-story 2013 residence with a basement. The finished living area totaled 2,286 square feet. The property sold in January 2024 for \$547,250. The residual, time-adjusted value of the residence was \$438,833, or \$192 per finished square foot.

Sale No. 3 was a 1.79 acre parcel on subject's street improved with a 3,614 square foot 2016 residence with a basement. The finished living area totaled 3,525 square feet. The property sold in March 2022 for \$896,500. The residual, time-adjusted value of the residence was \$740,781, or \$210 per finished square foot.

In comparison, subject is a 1.94 acre parcel improved with a 5,176 square foot 2016 residence, not including garage space. The finished living area totals 2,948 square feet, and the residence's 2024 assessment is \$578,448, or \$196 per finished square foot.

Respondent argued the sales bracketed subject in terms of acreage, year built, and other characteristics, and noted Sale No. 3 is most comparable to subject. Appellant stated the sale properties were situated higher on the hill and therefore had better views than subject.

#### 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. 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.

Both parties provided sales information for the Board’s consideration. Appellant’s comparable properties both sold in October 2024, roughly ten (10) months after the effective valuation date of January 1, 2024. Typically, a sales comparison analysis focuses on sales which occurred before the date of valuation, because market participants cannot consider sales which have not yet happened when making purchasing decisions. Sales after the lien date may be used when timely sales are unavailable and proper time adjustments are made, but such conditions were not present here. As such, the Board did not place any weight on Appellant’s sales analysis in its consideration of subject’s value.

Respondent provided information on three (3) sales which occurred in 2023. While the Board appreciated the information, there were some concerns. First, the finished square footage of the sale properties varied greatly, from 2,296 square feet to 4,044 square feet, but no size adjustments were made to bring the sales comparable to subject's 2,948 finished square feet. Overall, Respondent only made time adjustments and removed assessed land and other improvement values to determine residual residence prices, which ranged from \$438,833 to \$890,000, or \$192 to \$210 per square foot. The Board would have preferred a more traditional sales analysis with adjustments made for characteristic differences, but the sales were timely and generally bracketed subject's size, acreage, and value. Subject's residence is currently valued at \$578,448, or \$196 per square foot.

Appellant's primary concern was whether subject's assessment correctly reflected the residence's current, unfinished condition. Appellant provided abundant details regarding finish levels throughout subject, including lack of floor coverings and baseboards, uninstalled rock veneer on the front of the residence, an unfinished deck, a lack of an HVAC system and heating in general, and an old well which needs replaced. Cost-to-cure estimates totaled approximately \$150,000.

Respondent stated most of the items Appellant listed were already accounted for in subject's assessment. Specifically, there is a negative \$38,647 adjustment to address the finish level, which included the lack of rock veneer and multiple other items. Respondent did, however, note a further negative adjustment of \$3,269 would be appropriate to account for the 300 to 400 square feet on the main level with no floor covering, which was not considered in the original assessment. Respondent stated



unfinished items such as the deck need no adjustment, because value was never added to the assessment for those items. Regarding the well, Respondent noted it is assessed at a nominal value of \$6,500. The Board agrees the value is appropriate, as subject's well is currently being used. Though it does need to be replaced, a cost-to-cure adjustment would be inappropriate in this case.

The Board did, however, have concern with the assessment of forced heat, which the residence does not have. Respondent did not share what value the "forced heat" contributed to the assessment, but it should be removed. As Appellant noted, the only working heat in the residence is a gas fireplace in the living room. The rest of the residence is heated using plug-in space heaters. Appellant provided a quote regarding the cost to replace the defective boiler and install a central HVAC system. Though the Board agrees an adjustment should be made for erroneously including "forced heat" in the assessment, we disagree such adjustment should match Appellant's HVAC quote, as it is well known that cost does not necessarily equate to value. Also, it is highly unlikely Respondent valued the "forced heat" near the \$30,000 quote offered by Appellant.

The Board found Respondent has already accounted for most deferred and unfinished items but determined further adjustments are warranted for the level of finish and lack of an HVAC system.

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. The burden of proof was met in this instance, but the Board did not find support to lower the valuation to that claimed by Appellant. The Board will reduce subject's residence assessment by \$23,000 to account for the additional area on the main level with no floor covering, as well as the

lack of an HVAC system. The decision of the Bannock County Board of Equalization is modified accordingly.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Bannock County Board of Equalization concerning the subject parcels be, and the same hereby is, MODIFIED to reflect a decrease in total value to \$671,378, with \$113,360 attributable to the land and \$558,018 to the improvements.

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.