

BEFORE THE IDAHO BOARD OF TAX APPEALS

DEBBIE BELISLE,	)	
	)	
Appellant,	)	APPEAL NO. 23-A-1204
	)	
v.	)	FINAL DECISION AND ORDER
	)	
PAYETTE COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

COMMERCIAL PROPERTY APPEAL

This appeal is taken from a decision of the Payette County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. P1630001000A. The appeal concerns the 2023 tax year.

This matter came on for hearing November 13, 2023, in Payette, Idaho, before Board Member Leland Heinrich. Appellant Debbie Belisle was self-represented. Payette County Assessor Sandra Clason 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 commercial property.

The decision of the Payette County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$376,650, and the improvements' value is \$147,689, totaling \$524,339. Appellant contends the correct land value is \$60,000, and the improvements' value is \$120,000, totaling \$180,000.

The subject property is a .85 acre commercial parcel located in Payette, Idaho. The property is improved with a 3,145 square foot commercial building with a 1,280

square foot apartment constructed in 1933. The property is a retired gas station that has housed various automotive-related businesses since the fuel pumps were removed in 2003 or 2004. The property is further improved with a 270 square foot detached structure used as a real estate office.

Appellant's primary concern centered on the increases in subject's land value the last couple years. The 2021 land value of \$39,375, or \$1.07 per square foot, represented a 60% increase over the 2020 valuation. For 2022, the land value increased roughly 480%, to \$188,325, or \$5.14 per square foot. And the land value roughly doubled for 2023 to \$376,650, or \$10.29 per square foot. Appellant acknowledged the market has notably appreciated in recent years but characterized the increases in subject's land valuation as excessive and unsupported by the available sales data.

In support of a lower valuation, Appellant offered two (2) analyses. The first involved eight (8) local commercial sales regarded as generally comparable to the subject property which closed during 2022. Physical details concerning the sale properties were limited in the record, but Appellant reported sale prices from \$100,000 to \$536,500, or from \$25.68 to \$174.45 per square foot. Appellant calculated an average price rate of \$81.90 per square foot and contended subject should be assessed a similar rate.

Appellant's second analysis examined assessed land values of six (6) commercial properties located on subject's same street, four (4) of which are situated in flood areas like subject. The parcels varied in size from 8,712 to 45,302 square feet. For the 2021 assessment year, land values for the referenced properties increased 60%, the same as subject. For 2022, however, subject's land value increased 480%, whereas the properties in the data set received lesser land value increases from 49% to 66%. The increases

were more consistent for the current 2023 assessment year, as values increased from 49% to 55%, with subject's land value increasing 49%. The referenced properties had 2023 land values ranging from roughly \$68,000 to \$357,000, or from \$4.12 to \$8.68 per square foot. Subject's land value is the highest of the group at \$376,650, or \$10.29 per square foot. Appellant argued the disproportionate increase in subject's 2022 land value was clearly erroneous, as no other property in the group experienced a similar increase. Appellant petitioned the 2022 erroneous value be corrected and a credit issued for taxes paid on that value.

Respondent was unsure the cause of the large increase in subject's 2022 land value, but stated the property was reappraised for the 2022 assessment year and speculated some property characteristics may have been updated. Respondent explained commercial values had remained relatively stagnant for many years due the dearth of sales data. However, robust sales activity the last three (3) years has demonstrated commercial values were lagging behind the market so needed to be increased. For 2023, the sales indicated commercial values were still low, prompting Respondent to trend values further upward.

In support of subject's valuation, Respondent offered limited details on twelve (12) improved commercial sales which closed from November 8, 2021, through January 26, 2023, including the sales used in Appellant's analysis. Lot sizes were not shared, but the improvements varied in size from 1,135 to 7,785 square feet. Sale prices stretched from \$100,000 to \$1,230,000, or from \$23.76 to \$341.19 per square foot. Respondent calculated a median price rate of \$108.27 per square foot. Subject's assessed value is \$118.49 per square foot, which was reasonable in Respondent's view.

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). Commercial property is typically valued using either the income approach or the sales comparison approach.

Appellant offered two (2) analyses in support of a lower valuation. The first analysis compared the increases in subject's assessed land value since 2020 to the increases of six (6) commercial properties over that same period. While the increases were relatively consistent for the 2021 and 2023 assessment years on a percentage basis, the same was not true for 2022. Subject's land value increased approximately 480% for 2022, whereas the other properties in the group increased between 49% to 66%. This was a clear error in Appellant's view, so Appellant petitioned the 2022 value be corrected and a

credit issued for the taxes paid. While the Board understands Appellant's concerns, a comparison of assessed values is not a recognized appraisal approach and not considered the best evidence of market value. Even if such were not the case, the Board's jurisdiction is strictly limited to the current assessment year, which is 2023 in this case. The Board has no authority to alter values from a prior assessment year and likewise cannot order a refund or credit for past property taxes. Accordingly, little weight was afforded the assessment information offered by Appellant.

The Board was similarly unpersuaded that Respondent's analysis represented the most reliable estimate of subject's market value in this instance. Twelve (12) commercial sales were provided, but details about the property characteristics were mostly absent. Sale prices extended from a low of \$100,000 to a high of \$1,230,000, or from \$23.76 to \$341.19 per square foot, with a median price rate of \$108.27 per square foot. Respondent made no direct comparisons between subject and any of the sale properties, but based on price alone, it is apparent the sales varied significantly in property characteristics. Particularly striking was the January 2023 sale for \$341.19 per square foot, which is more than double any other price rate, with the exception of the sale for \$1,230,000, or \$192.19 per square foot. Where subject's assessed value is roughly \$524,000, or \$118 per square foot, it is evident these two (2) sale properties share few similarities with the subject property and therefore should not be used to develop an estimate of subject's market value.

It was also unclear to the Board the reason subject's assessed value is approximately \$10 more per square foot than the median sale price calculated by Respondent, given that subject was not characterized as extraordinary or otherwise more

desirable than any of the sale properties in the data set. Further, subject has more square footage than most of the sale buildings, which economies of scale suggests should carry less value per square foot. In all, it was difficult to correlate subject's assessed value to the sales data, which actually indicated subject's valuation is somewhat overstated.

Better received by the Board was Appellant's sales analysis. The analysis narrowed Respondent's sales group to the eight (8) sales regarded as most comparable to the subject property. Sale prices ranged from \$100,000 to \$536,000, or from roughly \$26 to \$174 per square foot. The average price rate was \$81.90 per square foot. Admittedly, the wide price variance is indicative of dissimilarity between the properties in the data set, but the range is considerably narrower than Respondent's larger sales group. Given the limited details regarding the sale properties, the Board was unable to evaluate subject against any particular sale property. However, where the parties characterized subject as relatively ordinary and typical for the area, it is reasonable to conclude subject's market value is likewise average.

In appeals to this Board, the burden is Appellant's to demonstrate subject's valuation is erroneous by a preponderance of the evidence. Idaho Code § 63-511. In weighing the parties' sales data, with emphasis on those characterized as most comparable to subject, the Board found the burden of proof satisfied and will reduce subject's assessed value to \$362,408.

Based on the above, the decision of the Payette County Board of Equalization is modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Payette County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in total assessed value to \$362,408, with \$214,719 attributable to the land and \$147,689 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 under certain circumstances that the above-ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 6th day of March, 2024.