

BEFORE THE IDAHO BOARD OF TAX APPEALS

THOMAS COLLINS,	)	
	)	
Appellant,	)	APPEAL NO. 23-A-1215
	)	
v.	)	FINAL DECISION AND ORDER
	)	
BONNEVILLE COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bonneville County Board of Equalization modifying the valuation of property described by Parcel No. RPA31100060100. The appeal concerns the 2023 tax year.

This matter came on for a Zoom hearing on November 7, 2023, before Hearing Officer Travis VanLith. Appellant Thomas Collins was self-represented. Bonneville County Assessor Dustin Barron 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 Bonneville County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$91,362, and the improvements' value is \$577,536, totaling \$668,898. Appellant contends the correct total value is \$600,000.

The subject property is a .44 acre residential parcel located in the Fairway subdivision on the north side of Idaho Falls, Idaho. The property is improved with a two-story six (6) bedroom, three (3) bathroom residence constructed in 1997. The residence

totals 4,670 square feet in size, with 1,850 square feet on the main floor, 970 square feet on the upper level, and 1,850 square feet in the basement, of which 1,665 square feet are finished.

Appellant questioned the roughly 16% increase in subject's assessed value and contended it was not supported by the market. Appellant explained the market was appreciating during the first six (6) months of 2022, but values declined the latter half of the year following six (6) increases to the Federal Reserve Interest Rate. Appellant characterized the 2022 market as flat. In this regard, Appellant referenced some general market data published by Zillow which indicated average values in the county increased only .004% throughout 2022. Appellant additionally provided a \$618,000 estimated value of the subject property generated from Zillow in December 2022.

In more direct support of a lower valuation, Appellant offered a comparative market analysis (CMA) report authored by a local realtor. Five (5) recent sales were included in the analysis. Sale No. 1 was a 4,514 square foot five (5) bedroom, three (3) bathroom residence constructed in 2002 on a .28 acre lot. This property sold for \$570,000 in October 2022. Sale No. 2 concerned a .29 acre parcel improved with a 4,566 square foot seven (7) bedroom, three (3) bathroom residence constructed in 2001 which sold for \$610,000 in August 2022. Sale No. 3 was the August 2022 purchase of a 4,503 square foot five (5) bedroom, three (3) bathroom residence constructed in 2001 situated on a .29 acre parcel and sold for \$580,000. Sale No. 4 was a 4,488 square foot six (6) bedroom, five (5) bathroom residence constructed in 1992 situated on a .27 acre lot which sold for \$530,000 in October 2022. Sale No. 5 was the purchase of a .32 acre lot improved with a 4,494 square foot five (5) bedroom, three (3) bathroom residence constructed in

2004 for \$580,000 in September 2022. The CMA concluded a value of \$560,000 for the subject property.

In support of subject's current valuation, Respondent provided information on six (6) sale properties with two-story residences over basements characterized as generally similar to the subject residence. Sale No. 1 concerned a 1.27 acre parcel improved with a 3,819 square foot residence constructed in 1985 with an August 2022 purchase price of \$670,000. After removing the assessed land value and applying the above-grade square footage against the sale price, Respondent calculated a residual price of about \$193 per square foot for the sale residence.

Sale No. 2 was a 4,158 square foot residence constructed in 1998 attached to a .44 acre lot which sold for \$619,000 in July 2022, with a residual price rate of about \$207 per square foot for the residence.

Sale No. 3 was the \$780,000 purchase in December 2022 of a 2.34 acre parcel improved with a 4,410 square foot residence constructed in 1997, with a residual price of \$262 per square foot for the residence.

Sale No. 4 concerned a 4,005 square foot residence constructed in 2003 situated on a .27 acre lot which sold for \$610,000 in October 2022, with a roughly \$204 per square foot residual price rate for the residence.

Sale No. 5 was the same as Appellant's Sale No. 3 above, for which Respondent calculated a residual price rate of about \$178 per square foot for the residence.

Sale No. 6 was a 3.4 acre parcel improved with a 4,948 square foot residence constructed in 2005 which sold for \$825,000 in August 2022, with a residual price of roughly \$252 per square foot for the residence. Respondent calculated an average

residual price rate of about \$216 per square foot for the six (6) sale residences and maintained the value of subject's residence at nearly \$205 per square foot was reasonable by comparison.

Appellant questioned the inclusion of Sale Nos. 3 and 6 in Respondent's analysis, as the properties were not similar to subject in Appellant's opinion. Appellant stressed both were larger rural parcels, whereas subject is a .44 acre lot. Appellant also noted Sale No. 6 was a horse property with additional improvements, including a large wooden barn. Appellant further commented the residences, constructed in 2003 and 2005, respectively, were newer than subject's 1997 residence. In Appellant's view, these sales should not be considered in evaluating subject's market value.

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). 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 differences in the property characteristics between subject and the sale properties.

Both parties offered recent sales information in support of their respective value conclusions, which efforts were appreciated by the Board. Appellant's five (5) sales were included in a CMA report prepared by a local realtor, which considered subject on a whole property basis and concluded a value of \$560,000 for subject. Respondent's analysis, by contrast, focused on residual price rates for the six (6) sale residences included in the sales group.

While the Board understood Respondent's general analysis, there were some concerns. Fundamentally, Respondent's methodology is a comparison between subject and the sales on a per-square-foot basis. The weakness of such a comparative analysis is that it requires a high degree of similarity in characteristics among the properties in the data set. Finished living area is certainly an important characteristic, but so too are other factors known to influence market value, such as location, age, construction quality, condition, and lot size. The sale residences included in Respondent's analysis were roughly comparable to the subject residence in terms of age and size, but the analysis effectively ignored other important characteristics. This was most evident in Sale No. 3 for \$780,000 and Sale No. 6 for \$825,000, both of which are clear outliers in the data set, as the next highest sale price in the record was \$670,000. It is apparent the sale prices were influenced by more than the ages and sizes of the residences, otherwise the sale

prices would be more consistent with the others in the group, which were also similar in age and size.

The other concern with Respondent's emphasis on per-square-foot comparisons is the risk of overlooking the total valuation. The relevant question in this matter centers on subject's total assessed value, not just the per-square-foot valuation of the residence. In this case, the valuation of subject's residence at nearly \$205 per square foot is lower than the \$216 per square foot average of the sale residences, but subject's total assessed value is higher than most of the sale prices in Respondent's analysis. In fact, after removing the two (2) outliers, subject's assessed value of \$668,898 is second only to Sale No. 1 at \$670,000, which was a 1.27 acre parcel. It was also not lost on the Board subject's assessed value is higher than all of Appellant's reported sale prices.

In looking at the totality of sales data, it becomes apparent subject's current assessed value is somewhat overstated. The average price of all the parties' sales is roughly \$637,000, but the average drops dramatically to \$596,125, with a median of \$595,000, after removing the outliers. In either instance, the Board was strained to find support for subject's roughly \$670,000 assessed value.

The burden of proving error in subject's valuation by a preponderance of the evidence is Appellant's to bear. Idaho Code § 63-511. Given the record in this matter, the Board found the burden of proof satisfied. Giving consideration to all the sales information, except the two (2) outliers, the Board will reduce subject's assessed value to \$595,000. The decision of the Bonneville County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bonneville County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED, to reflect a decrease in total assessed value to \$595,000 with \$503,638 attributable to the improvements and \$91,362 to the land.

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 13th day of March, 2024.