

BEFORE THE IDAHO BOARD OF TAX APPEALS

REBEL ESTATES, LLC,	)	
	)	
Appellant,	)	APPEAL NOS. 23-A-1240,
	)	23-A-1241, and 23-A-1242
v.	)	
	)	FINAL DECISION AND ORDER
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from decisions of the Bannock County Board of Equalization denying appeals of the valuations for taxing purposes on properties described by Parcel Nos. RPRRTM2004600, RPRRTM2009000, and RPRRTM2004500. The appeals concern the 2023 tax year.

These matters came on for hearing October 31, 2023, in Pocatello, Idaho, before Board Member Doug Wallis. Michael Gregory appeared at hearing for Appellant. Bannock County Chief Deputy Assessor Randy Hobson represented Respondent.

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

The issue on appeal concerns the market values of three (3) vacant residential properties.

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

FINDINGS OF FACT

Parcel No. RPRRTM2004600 (Appeal 23-A-1240)

The assessed land value of this 4.8 acre lot is \$81,511. Appellant contends the correct value is \$60,000. For purposes of this decision, this subject property will be referred to as Lot 2.

Parcel No. RPRRTM2009000 (Appeal 23-A-1241)

The assessed land value of this 3.6 acre lot is \$71,169. Appellant contends the correct value is \$60,000. This subject property will be referred to as Lot 11.

Parcel No. RPRRTM2004500 (Appeal 23-A-1242)

The assessed land value of this 4.1 acre lot is \$37,958. Appellant contends the correct value is \$25,000. This subject property will be referred to as Lot 1.

The subject properties are unimproved rural residential tracts located in the Thunder Mountain Ranch subdivision south of Lava Hot Springs, Idaho. Situated near the bottom of Thunder Mountain, the subject properties were described as steeply sloped treeless lots with no views. Lots 1 and 2 are adjacent parcels and Lot 11 is located across a small valley.

Appellant was alarmed at the increases in subjects' assessed values the prior couple years. The 2022 assessed values were roughly double the 2021 values, and for 2023, the values increased by 350% to 690%. For example, the assessed value of Lot 2 was \$11,792 for 2022 and \$81,511 for 2023. Appellant contended subject's current valuations are grossly overstated and should be reduced.

In support of lower valuations, Appellant offered information concerning two (2) recent vacant lot sales from the subdivision. Sale No. 1 was a 4.61 acre lot which sold for \$59,900 in October 2021. Sale No. 2 was the August 2022 purchase of a 4.0 acre lot for \$58,000. Appellant noted both sale lots were located higher on the mountain than subjects so enjoyed superior views of the broader valley. Despite the better views, Appellant regarded these sales as more representative of the subject parcels than the Respondent's sale lots situated at even higher elevations near the top of the mountain.

Respondent explained its methodology for determining values in the subdivision. The first acre is assessed a flat rate of \$46,000, with additional acreage valued on a declining scale. Subject Lots 1 and 2 were assessed together as a single 8.9 acre parcel because they are contiguous lots, meaning the first acre was assessed at \$46,000 and the remaining acreage at roughly \$9,300 per acre. Lot 11 was assessed the standard \$46,000 site value, with the remaining 2.6 acres valued at nearly \$9,700 per acre.

In terms of value evidence, Respondent offered five (5) vacant lot sales from the subdivision. Sale No. 1 was a 3.9 acre lot which sold for \$62,000 in October 2022. Sale No. 2 concerned a 3.5 acre parcel with a February 2022 sale price of \$65,000. Sale No. 3 was the September 2022 purchase of a 4.0 acre lot for \$90,000. Sale No. 4 was the \$79,900 purchase of a 3.3 acre lot in December 2022. Sale No. 5 was a 2.9 acre lot which sold for \$75,000 in May 2022. In an effort to reflect pricing levels on the controlling January 1, 2023, date of valuation, Respondent applied a 1% per month time adjustment to the respective prices, resulting in time-adjusted sale prices from \$63,860 to \$93,600, or from \$0.38 to \$0.64 per square foot. The subject parcels are assessed from \$0.21 to \$0.45 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 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 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). Residential property is commonly valued using the sales comparison approach, which in simplistic terms compares recent sales of similar property to the subject property, with appraisal adjustments made for differences in property characteristics.

Neither party offered a traditional comparative sales analysis, though both parties did provide recent sales data from subjects’ subdivision. In total, there were seven (7) vacant lot sales involving parcels ranging in size from 2.90 to 4.61 acres and in sale price from \$58,000 to \$90,000. After applying Respondent’s time adjustment factor to all sales, time-adjusted sale prices varied from \$60,900 to \$93,600.

While the sales information was much appreciated, the wide spread in sale price suggests notable differences exist between the sale lots. And given that the sale lots are relatively similar in acreage, size is clearly not the only relevant property characteristic driving market pricing in the subdivision. Details about the sale lots were thin in the record, but according to Appellant, all were located higher up the mountain than the subject lots

so enjoy superior views of the valley, including several of Respondent's sale lots situated near the peak. That these lots sold for the highest prices is not surprising, as view is an amenity well-known to influence market value. Appellant also pointed out many of Respondent's sale lots had trees, whereas the subject parcels have none.

Removing the three (3) sales located highest on the mountain from the data set considerably tightens the range of time-adjusted sale prices from approximately \$61,000 to \$72,000, with an average of roughly \$66,000. By contrast, subject Lot 2 is assessed at \$81,511 and subject Lot 11 is assessed at \$71,169, despite both being located near the bottom of the mountain. It was also not lost on the Board that the assessed value of subject Lot 2 is higher than all the time-adjusted sale prices in the record with the exception of one (1). And in similar fashion, the valuation of subject Lot 11 exceeds three (3) of the four (4) adjusted sale prices, excluding the three (3) lots located highest in elevation. The subject lots were not described as unique or otherwise superior to the sale lots, so subjects' comparatively high valuations were curious to the Board. Given the somewhat limited sales data, the Board was strained to find support for subjects' assessed values.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subjects' valuations are erroneous by a preponderance of the evidence. In weighing the evidence, the Board found the burden of proof satisfied. Particularly persuasive in this instance were the four (4) sale lots closest in elevation to the subject parcels, which pointed to a relatively tight range of value. Based on these sales, the Board will reduce the value of subject Lot 11 to \$64,000, and the value of subject Lot 2 to \$70,000 due to

its larger size. No change is warranted for subject Lot 1, because it was assessed as excess land to subject Lot 2.

Based on the above, the decisions of the Bannock County Board of Equalization are modified with respect to Lots 2 and 11 and affirmed with respect to Lot 1.

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 are, MODIFIED AND AFFIRMED as follows:

	<u>Decision</u>	<u>Value</u>
<u>Parcel No. RPRRTM2004600</u> (Appeal No. 23-A-1240)	Modified	\$70,000
<u>Parcel No. RPRRTM2009000</u> (Appeal No. 23-A-1241)	Modified	\$64,000
<u>Parcel No. RPRRTM2004500</u> (Appeal No. 23-A-1242)	Affirmed	\$37,958

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 values for the current tax year shall not be increased in the subsequent assessment year.

DATED this 1st day of March, 2024.