

BEFORE THE IDAHO BOARD OF TAX APPEALS

DWIGHT AND ELIZABETH JOHNSON,	)	
	)	
Appellants,	)	APPEAL NO. 23-A-1053
	)	
v.	)	FINAL DECISION AND ORDER
	)	
SHOSHONE COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Shoshone County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP48N01E369300A. The appeal concerns the 2023 tax year.

This matter came on for Zoom hearing December 4, 2023, before Board Member Leland Heinrich. Appellants Dwight and Elizabeth Johnson were self-represented. Shoshone County Chief Deputy Assessor Connie Holmquist 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 a residential property.

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

FINDINGS OF FACT

The assessed land value is \$154,501, and the improvements' value is \$63,970, totaling \$218,471. Appellants agree with the value of the improvements, however, contend the correct land value is \$59,763, totaling \$123,733.

The subject property is a twenty (20) acre rural tract located south of Pinehurst, Idaho, of which 17.96 acres are specially assessed as forestland at \$8,011. There is also a one (1) acre homesite and 1.04 acres of waste. The property is improved with a pole building and a shed, though details were not shared.

Appellants' primary concern centered on the \$146,490 valuation of subject's one (1) acre homesite, which nearly tripled over the prior year's valuation. In support of a lower value, Appellants offered limited information on three (3) recent sale properties, none of which were improved with a residence. Sale No. 1 was a 7.68 acre parcel improved with a shed which sold for \$375,000 in August 2022, or roughly \$49,000 per acre. Sale No. 2 concerned a 2.3 acre parcel improved with a pole building described as generally similar to subject's pole building. This property sold for \$250,000 in October 2022. After removing the value of the pole building, Appellants calculated a residual value of approximately \$180,000 for the land, or \$78,000 per acre. Lastly, Sale No. 3 was the April 2022 purchase of an unimproved 14.91 acre tract for \$399,999, or roughly \$27,000 per acre. Appellants regarded the \$146,490 valuation of subject's one (1) acre homesite as unrealistic and unsupported by the sales data. In Appellant's view, subject's homesite valuation should more closely approximate the roughly \$51,000 per acre average price rate of the sales.

Appellants alternatively proposed a valuation for subject's homesite based on a \$14,000 per acre rate, which is reportedly the value of subject's non-homesite acreage without the forestland exemption. Appellants obtained bids to install onsite improvements, including \$6,500 for a well, \$11,000 for a septic system, roughly \$8,500 for electricity, and \$534 for gravel. Appellants added the \$26,555 cost for onsite improvements to the

\$14,000 per acre rate and concluded a value of approximately \$40,000 for subject's homesite.

Respondent explained the increase in subject's valuation was the result of market trending based on recent sales activities, though specifics were not shared. In addition to the three (3) same sales discussed by Appellants, Respondent also offered price information on five (5) paired sales to demonstrate an upward trend in the market. The first paired sale concerned a property which sold for \$63,250 in 2014 and \$185,000 in 2022. Second was a property purchased in 2012 for \$95,000 and again for \$373,000 in 2022. Next was a property which sold for \$159,032 in 2017, \$253,000 in 2020 and again for \$450,000 in 2022. Fourth was the \$131,000 purchase of a property in 1997 which sold again in 2022 for \$650,000. The final paired sale concerned a property which sold for \$256,000 in 2016 and again for \$640,000 in 2022. In Respondent's opinion, the paired sales data was evidence of an appreciating market and supported the need to broadly increase assessed values.

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 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). 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.

Neither party offered a traditional valuation analysis, though both parties provided sales information for the Board’s consideration. While the relevant question in assessment is whether a property’s total value is at market, the inquiry is complicated in this case because most of subject’s acreage is specially assessed as forestland, which is based on a decidedly different valuation standard. Only subject’s improvements and one (1) acre homesite are held to the market value standard. In other words, with the forestland designation in place, the subject property is not particularly amenable to valuation by one (1) of the recognized appraisal approaches on a whole property basis. As such, it is necessary to focus on those property components which must be assessed at market value.

As the parties agreed on the value of subject’s improvements, the remaining issue concerns the market value of the one (1) acre homesite. In this regard, both parties offered the same three (3) sales in support of their respective value conclusions. The sale

properties ranged in size from 2.3 to 14.91 acres and in sale price from \$250,000 to \$399,999. After removing the value of the pole building from the \$250,000 price of Sale No. 2, Appellants calculated price rates for the sales from roughly \$27,000 to \$78,000 per acre. Subject's one (1) acre homesite is assessed at approximately \$147,000, which Appellants argued was excessive compared to the sales data. The Board agrees.

Respondent did not directly address or otherwise explain how subject's homesite valuation was determined. Instead, Respondent broadly referenced appreciation in the marketplace and provided some paired sales data. Though the information was appreciated, it was not found particularly enlightening with respect to the question of subject's current market value. No details about the sale properties were provided, such as any updates made to the properties between sale dates which may have contributed to the higher resale price. Also, the sale dates were widely spread over multiple years, meaning the higher 2022 sale prices were the result of years of market appreciation, not just the last year or so. For example, Sale No. 4 first sold in 1997 for \$131,000, then sold again in 2022 for \$650,000, a span of twenty-five (25) years. In short, it was not apparent to the Board how Respondent connected the paired sales data to the trending factor applied to subject's homesite.

It was also not clear how subject's homesite value correlated to the reported sale prices, none of which approached a rate of \$147,000 per acre, but instead capped out at \$78,000 per acre. Where the issue centers on subject's one (1) acre homesite, the Board would have preferred information on smaller acreage sales, but in the absence of such sales data, the Board's consideration was restricted to the three (3) sales in the record. And stated simply, these sales do not support subject's current homesite valuation.

Idaho Code § 63-511 places the burden on Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. Given the record in this matter, the Board found the burden of proof satisfied, though did not find sufficient support for the value petitioned by Appellants. In weighing the available sales, with heavy emphasis on Sale No. 2, the smallest in size, the Board will reduce the value of subject's homesite to \$78,000. The decision of the Shoshone County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Shoshone County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED, as follows:

Cat 6 (Forestland)	17.96 acres	\$ 8,747
Cat 10 (Rural Homesite)	1.00 acres	\$ 78,000
Cat 19 (Waste)	1.04 acres	\$ 0
<u>Cat 31 (Rural Res Bldg)</u>		<u>\$ 63,970</u>
Total	20.00 acres	\$150,717

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 Appellants.

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 20th day of March, 2024.