

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF DOYLE) APPEAL NO. 13-A-1119
BECK from a decision of the Fremont County)
Board of Equalization for tax year 2013.) FINAL DECISION
) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing October 10, 2013, in St. Anthony, Idaho before Board Member David Kinghorn. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Appellant Doyle Beck and Appraiser Rick Haley appeared at hearing. Assessor Kathy Thompson and Appraiser Jeremy Dixon appeared for Respondent Fremont County. This appeal is taken from a decision of the Fremont County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RP00290000056A.

The issue on appeal is the market value of an improved residential property.

The decision of the Fremont County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$296,791, the improvements' valuation is \$341,106, and other valuation is \$450, totaling \$638,347. Appellant requests the land value be reduced to \$150,000, and the improvements' value be reduced to \$294,472, totaling \$444,472.

The subject property is a .92 acre parcel located in the Bills Island subdivision development in Island Park, Idaho. The lot is improved with a 3,884 square foot residence and a small outbuilding. The parcel is located on the waterfront, like many in the development.

Appellant discussed the recent economic downturn experienced in many parts of

the country. Appellant stated real estate values have decreased dramatically in recent years, yet subject's assessed value has only decreased by 3% since 2008. In Appellant's view, subject's value should be reduced further based on current market conditions.

Appellant referenced the nine (9) sales from subject's area which were used in Respondent's analysis. Appellant noted most of the sale prices were less than the current assessed values. Appellant additionally provided nine (9) sales from Bills Island involving non-waterfront interior lots. These latter sale prices ranged from \$38,401 to \$150,000, for lots between .77 and 3.21 acres in size.

Respondent explained there were no recent sales of property directly comparable to subject. Therefore, Respondent focused on the available sales which did occur during 2011 and 2012. Of the nine (9) sales considered, eight (8) were waterfront, and one (1) concerned an interior lot. Respondent noted three (3) of the sales were not actually used in the analysis due to concerns with them being distressed transactions. Respondent removed improvement values from the improved sales to indicate land prices. These land residuals were used to determine the land value schedule which was applied to subject and all other similar-type parcels in the area.

For subject's improvements, Respondent relied on the cost approach. The Marshall & Swift cost manual was used to determine the replacement cost, from which market-derived depreciation was deducted. Respondent testified the cost manual had been modified to the local market and therefore was reflective of values in the county.

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, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires all property be assessed (appraised) annually at market value on January 1 of the relevant tax year. 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.

In light of the recent real estate market, which Appellant characterized as depressed, Appellant questioned subject's only modest 3% value decrease since 2008. Appellant pointed to the property sales in Respondent's sales study noting most of the properties were assessed higher than their sale price. Appellant also provided a list of interior lot sales from subject's development. The lots varied in size, with most being much larger than subject.

There are three (3) primary methods for determining market value: the cost approach, the income approach, and the sales comparison approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The Board appreciates the

information supplied by Appellant, however, it was not clear how the data supported a reduction in subject's current assessment. None of the referenced sale properties were compared directly with subject, nor was it otherwise apparent how Appellant applied the data in arriving at the requested value claim.

Respondent's value evidence centered on nine (9) sales, most of which were improved. None of the sale properties were considered exactly comparable to subject, but Respondent used the data primarily to determine land values in the area. Improvement values were removed from those sales which included improvements. What remained was the land value residual, which Respondent used to derive its 2013 land value table. Subject's improvements were appraised using a national cost manual which had been adjusted to the local market.

Similar to Appellant, the County did not offer any direct comparison between subject and any of the sale properties (the sales comparison approach). While this was of some concern to the Board, Respondent explained that the sales were used to develop land values for waterfront parcels, not the value of subject's residence, which came from a cost manual. In this capacity, Respondent found the sales to be useful market value information. The Board agrees. When improvement values are removed from the improved sales, what remains is an indication of the contributing land value. In the absence of better vacant land sales, the Board finds no error with Respondent's approach in this regard.

Pursuant to Idaho Code § 63-511, in appeals to the Board the burden falls on

Appellant to prove error in subject's assessed value by a preponderance of the evidence. In this particular case, the Board finds Appellant did not meet that burden. Much of Appellant's sales information was the same as Respondent's, however, Appellant did not show how a different application of that information would result in a lower value for subject. Appellant mostly pointed out the variance between the sale price and assessed values, which is not a recognized appraisal approach. In all, Respondent's value case was judged to be stronger.

Based on the above, the decision of the Fremont County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Fremont County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 17th day of January, 2014.