

BEFORE THE IDAHO BOARD OF TAX APPEALS

WAYNE AND SANDRA DINGMAN,	)	
	)	
Appellants,	)	APPEAL NO. 15-A-1075
	)	
v.	)	FINAL DECISION
	)	AND ORDER
VALLEY COUNTY,	)	
	)	
Respondent.	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RPM02750020030. The appeal concerns the 2015 tax year.

This matter came on for hearing October 15, 2015 in Cascade, Idaho before Hearing Officer Cindy Pollock. Appellants Wayne and Sandra Dingman were self-represented. June Fullmer represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

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

**The decision of the Valley County Board of Equalization is reversed.**

FINDINGS OF FACT

The assessed land value is \$47,855, and the improvements' value is \$245,288, totaling \$293,143. Appellants contend the correct land value is \$40,000, and the improvements' value is \$225,000, totaling \$265,000.

The subject property is .3416 acre lot improved with a 1,878 square foot residence constructed in 1992. The residence includes four (4) bedrooms and three and one-half

(3.5) bathrooms. The property is further improved with a 624 square foot attached garage. In 2003, a 361 square foot addition was added to the residence, bringing the total size to 2,239 square feet. Subject is located in the Timberlost V subdivision near the golf course in McCall, Idaho.

Appellants purchased subject in May 2014 for \$265,000. Appellants described the sale as an arm's-length transaction. In Appellant's view, subject's current value should mirror the recent purchase price.

Appellants also provided an independent fee appraisal of the subject property. The appraisal considered four (4) sales from 2014 for comparison with subject. The sale lots were somewhat smaller than subject and were located near the golf course fairway. Subject is an interior lot within the development with no view of the fairway. The sale residences ranged in size from 1,672 to 2,200 square feet and were characterized as similar to subject in quality and condition. Sale prices ranged from \$235,000 to \$297,500. After adjusting the sales for differences compared to subject, the appraisal determined adjusted sale prices between \$265,300 and \$273,200. The appraisal concluded a total value of \$265,300 for subject.

Respondent explained residences in subject's area are diverse in terms of age, quality, size, and value. Respondent also remarked there were limited comparable sales in subject's immediate neighborhood. Respondent provided information concerning five (5) sales from the broader McCall area. Sale No. 1 involved a 2,271 square foot three (3) bedroom, two (2) bathroom residence constructed in 1984 attached to a 1.58 acre lot. The

sale residence shared the same “average” quality and condition ratings as subject. The property sold in August 2014 for \$350,000. Sale No. 2 was a .246 acre lot improved with a 1,944 square foot residence with a quality rating of “fair” and condition rating of “average”. The three (3) bedroom, two (2) bathroom residence, constructed in 1990, sold in October 2014 for \$256,000. Sale No. 3 involved an “average” quality and “average” condition residence constructed in 1980. The residence totaled 1,775 square feet and included three (3) bedrooms and two (2) bathrooms. The property sold in March 2014 for \$219,000. Sale Nos. 4 and 5 concerned residences with “average” condition ratings and “good” quality ratings. The sale lots were .252 and .289 acres improved with residences totaling 2,038 and 1,928 square feet in size, respectively. The residences were constructed in 2003 and 2005, and respective sale prices were \$320,000 and \$303,500. Respondent adjusted the sale prices for differences between subject and the sale properties. Adjusted sale prices ranged from \$246,642 to \$323,070.

#### 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 taxable property be assessed at market value annually on January 1; January 1, 2015 in this case. 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. There are three (3) primary methods of determining market value: the income approach, the cost approach, and the sales comparison approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is often valued using the sales comparison approach.

Both parties offered timely market data relevant to the sales comparison approach. Appellants provided an independent fee appraisal report and also pointed to subject’s arm’s-length purchase in May 2014 for \$265,000. The fee appraisal compared four (4) 2014 sales in subject’s immediate area. The sale residences were similar to subject in design, quality, and condition. Adjustments were made to the sales for comparison with subject, resulting in a value conclusion of \$265,300.

Respondent’s analysis considered five (5) sales from 2014. The sale residences were similar to subject in condition and general design. There were some notable differences however. For instance, Sale No. 1 involved a 1.58 acre lot compared to subject’s smaller .342 acres. Also, the residences in Sale Nos. 4 and 5 were more than ten (10) years newer than subject and were superior in terms of construction quality. Not surprisingly, these three (3) properties represented the highest priced sales in

Respondent's list of sales. Respondent's remaining sales, with adjusted sale prices of \$283,035 and \$246,642, actually fit well within the range of value indicated by Appellants' market data.

Idaho Code § 63-511 requires Appellants to prove error in subject's valuation by a preponderance of the evidence. The Board finds the burden of proof satisfied here. In this particular instance, the Board found the best evidence of subject's current value was the recent purchase. Further support for this position comes from the fee appraisal which concluded a value nearly identical to subject's purchase price. Also, the two (2) most comparable sales offered by Respondent squarely bracket both the fee appraisal value conclusion and subject's purchase. With most of the value indicators pointing toward a lower value, the Board is convinced subject's value should be reduced.

The decision of the Valley County Board of Equalization is reversed to reflect a total value of \$265,000.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, REVERSED, to reflect a reduction in the value of the improvements to \$217,145, with no change to the land value, resulting in a total value of \$265,000.

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 under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 5<sup>th</sup> day of February, 2016.