

BEFORE THE IDAHO BOARD OF TAX APPEALS

MARK AND DOREEN JOHNSON,)	
)	
Appellants,)	APPEAL NO. 14-A-1067
)	
v.)	FINAL DECISION
)	AND ORDER
VALLEY COUNTY,)	
)	
Respondent.)	
_____)	

MIXED-USE PROPERTY APPEAL

This appeal is taken from a decision of the Valley County Board of Equalization modifying the protest of valuation for taxing purposes of property described by Parcel No. RPD00000152426. The appeal concerns the 2014 tax year.

This matter came on for hearing September 30, 2014, in Cascade, Idaho before Board Member Leland Heinrich. Doreen Johnson appeared at hearing for Appellants. Assessor 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 mixed-use property.

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

FINDINGS OF FACT

The original assessed land value was \$112,037 and the improvements' valuation was \$145,732. Following a timely protest, the Valley County Board of Equalization reduced the land value to \$88,826 and the improvements to \$136,332, resulting in a total reduced assessment of \$225,158. Appellants contend the correct total value is \$147,000.

The subject property is a mixed-use parcel situated in Donnelly, Idaho. Subject's

1.44 acres are improved with a 2,100 square foot residence and a 3,072 square foot motel. The residence and 432 square feet of the motel are used for residential purposes, leaving approximately 51% of the total improved square footage devoted to commercial use. The improvements were originally constructed in 1965, though have received some modest updates during subsequent years.

Appellants purchased subject in May 2013 for \$250,000 in an arm's-length transaction. Appellants noted subject does not have sidewalks, and only roughly 30% of the property has curb improvements. Appellants further referenced issues related to an onsite well and a lack of electricity in the two (2) small outbuildings. Overall, Appellants viewed the large increase in subject's land value from 2013 as excessive.

Respondent explained commercial properties in Donnelly were reappraised for the current tax year as part of the county's regular five (5) year revaluation program. As part of this effort, Respondent implemented a new valuation model for commercial lots. In prior years, every commercial lot in Donnelly was given a uniform site value, regardless of size. The new model valued each commercial lot with consideration given to size. Because subject is a larger lot, its land value increased more than other smaller lots. Based on commercial sales in the area, all commercial parcels received an increased land value for 2014.

During an onsite inspection, Respondent discovered a couple errors in subject's property characteristics. The first pertained to an easement of which Respondent was not previously aware. The other was an error in the square footage of the upper level of

subject's motel improvement. Respondent applied a negative 30% adjustment to subject's land value to account for the easement, and correction of the square footage resulted in a reduction of roughly \$9,000 to the improvements' valuation. An additional negative 30% land adjustment was applied to account for subject's excess size. In all, Respondent contended subject's unique characteristics were considered and the assessment was at 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, 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, 2014 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.

There are three (3) generally accepted methods for 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). Though specifics were not shared,

Respondent stated it used the sales comparison approach to determine commercial values in Donnelly.

While the Board understands Appellants' concerns with the notable increase in subject's land value for the current tax year, the evidence presented in this matter suggests it was not unreasonable. Respondent's commercial lot valuation model was changed to give consideration to parcel size, rather than applying a flat site value to all lots. The Board finds no error in this approach. The record also shows Respondent carefully considered subject's unique characteristics in determining its value. Two (2) separate negative 30% adjustments were applied to subject's land to account for its excess size and an easement restriction. Respondent also corrected a square footage error in the upper level of subject's motel improvement.

The most compelling evidence of subject's market value, however, was its purchase in May 2013 for \$250,000. A recent arm's-length purchase of the property being valued is often regarded as strong evidence of its value. In this case, subject's assessed value is somewhat below the recent purchase price, which does not suggest over-assessment. Overall, support for Appellants' requested value of \$147,000 was found to be lacking.

In appeals to this Board, Appellants bear the burden of proving error in subject's assessed value by a preponderance of the evidence. Idaho Code § 63-511. Based on the information presented in this matter, the Board finds the burden of proof was not satisfied. As such, the decision of the Valley County Board of Equalization is affirmed.

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, AFFIRMED.

DATED this 4th day of December, 2014.