

BEFORE THE IDAHO BOARD OF TAX APPEALS

WILBERN AND DOLORES JONES,	)	
	)	
Appellants,	)	APPEAL NO. 15-A-1053
	)	
v.	)	FINAL DECISION
	)	AND ORDER
IDAHO COUNTY,	)	
	)	
Respondent.	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Idaho County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RP013800000130A. The appeal concerns the 2015 tax year.

This matter came on for hearing September 23, 2015 in Grangeville, Idaho before Board Member Linda Pike. Appellants Wilbern and Dolores Jones were self-represented. James Zehner 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 rural residential property.**

**The decision of the Idaho County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$31,448, and the improvements' value is \$167,682, totaling \$199,130. Appellants contend the correct land value is \$10,000, and the improvements' value is \$130,000, totaling \$140,000.

The subject property is a 2.48 acre lot with various improvements. The improvements include a 1998 triple wide manufactured home (MH) above a minimum finish

basement. Other improvements include an attached garage and a detached shop building of pole construction.

Appellants reported purchasing subject in 2000 for \$126,000. The sale followed an almost two (2) year listing and a substantial price markdown. The record shows there have been no additions or improvements to the property since the sale.

Appellants estimated the current value of subject by inflation-adjusting older valuation data. A 2002 appraisal for \$100,800 was adjusted about 39%, or about 3% per year, in arriving at the current value estimate of \$140,000. It was noted subject's assessed value increased about 98% over this same time period. Appellants loosely referenced inflation information from the federal government which was noted to be less than Appellants' proposed inflation adjustment. Over the last five (5) years, Appellants argued the national inflation averaged about 3.4% per year, and even less over the last two (2) years. Appellants did not believe the 13.68% increase reflected in subject's 2015 assessed value could be justified.

It was reported five (5) properties within sight of subject were either abandoned or foreclosed upon. In another instance, Appellants referenced a nearby sale and two (2) listings. Appellants thought the list prices were near the current assessed value levels and stated nothing was selling in the area. Appellants had little-to-no specific price information or property details, reporting they could not access the information.

Respondent explained subject was in a reappraisal area for the 2015 tax year. Accordingly, the property was visited over the summer at which time Appellants were

interviewed about the property characteristics. A request to inspect the property was denied and it was reported there were no changes to the property over the last several years.

In the reappraisal, no recent and nearby sales were identified. Respondent therefore went back in time to August of 2011 to secure information on five (5) comparable sales. Two (2) of these sale properties were improved, however they did not involve a MH. Three (3) of the sales involved unimproved lots. The land area associated with each sale was reported but little else about the properties was noted or shared. Respondent found the sales ratios, using 2014 assessed values, averaged about 90% of market pricing. After removing a 90% economic adjustment applied to the subject and nearby properties in recent years, a medium assessment level of 95.9% was indicated by the five (5) local area sales.

Respondent also presented information on seven (7) current property listings in subject's area. The listed property included improved and unimproved lots. Each asking price was higher than each property's 2015 assessed value, and in all but one (1) case the listing was higher than the assessed value by over 20%. Using a simple average, the list price level was 30% higher than the assessment level.

In determining subject's MH depreciation a replacement cost new less depreciation analysis was used. In determining market depreciation Respondent relied on information from fourteen (14) MH sales. The MH sales were from across the county. Respondent's appraisal work papers, sale price information, referenced listing information, a depreciation

schedule, and a location map were all offered as exhibit materials.

### 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) approaches to value, the sales comparison approach, the cost approach, and the income approach. In a unique way, each approach considers the available information from recent comparable sales.

Appellants raised concerns or complaints on a number of issues. Of significance here is the contention subject was over-assessed in relation to the market value standard expressed above. The Board's jurisdiction over an *ad valorem* assessment issue is limited to the current tax year, here the 2015 tax year. Where Appellants have not quantified or

otherwise supported where subject's assessment is somehow biased or discriminatory, the Board's review will be limited to the question of market value.

Appellants' opinion of subject's current market value is \$140,000. The Board found the main evidence supporting this value was older appraisal information adjusted for inflation. The inflation consideration did not focus on a study of local-area property price appreciation, but instead looked to inflation figures supplied by the federal government. Though the precise source of the inflation figures was not referenced, the Board finds it possible the inflation figures had more to do with the purchasing power of a dollar than property price appreciation in rural Idaho County.

To the extent Appellants wish the Board to consider subject's last purchase price in 2000, we found the information too old to be a reliable indicator of current market value. Though "not ideal" as Respondent phrased it, going back in time a couple years was deemed reasonable for the purpose of identifying a practical set of comparable sales from which to measure and approximate subject's likely selling price. Only the Respondent considered and presented detailed information on *recent* comparable sales, a key element of a market value appraisal.

Underlying Respondent's 2015 assessment was a cost approach to value, specifically a replacement cost new less depreciation approach. Appellants did not present an alternative cost approach. Respondent's cost approach modeling for 2015 discontinued an extra economic obsolescence allowance that was present in prior assessments. The appropriateness of discontinuing the adjustment was supported by before and after sales

ratio studies. Without the adjustment, current assessed values were shown to be on average about 95% of market prices. Further evidence showed listing prices of comparable property were all higher than their 2015 assessments. Though not bearing directly on the question of subject's current market value, the evidence did show that similar property assessments tended to be at or below market value.

In summary, Respondent's appraisal was found to consider the available information on comparable sales. Respondent did not present a direct sales comparison approach to value. Due to sparse details, the Board was unable to make meaningful comparisons using the five (5) comparable sales. We did find the 2015 assessment was supported by a current cost approach. Appellants did not allege any error in the property characteristics used by Respondent in the cost approach. And Appellants were not able to present comparable sales for the Board's consideration.

In accordance with Idaho Code § 63-511, the burden is with Appellants to establish Respondent's valuation is erroneous by a preponderance of the evidence. . The Board found this burden of proof was not met.

For the reasons above, the value decision of the Idaho County Board of Equalization is affirmed.

#### FINAL ORDER

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

DATED this 23<sup>rd</sup> day of December, 2015.