

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF ) APPEAL NO. 13-A-1020  
RICHARD MILLER from a decision of the )  
Washington County Board of Equalization for ) FINAL DECISION  
tax year 2013. ) AND ORDER

**HOMESITE VALUATION APPEAL**

THIS MATTER came on for hearing October 1, 2013 in Weiser, Idaho before Hearing Officer Travis VanLith. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Appellant Richard Miller appeared at hearing. Assessor Georgia Plischke and Appraiser Debbie Moxley appeared for Respondent Washington County. This appeal is taken from a decision of the Washington County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RP12N05W143700.

**The issue on appeal is the market value of a one-acre rural homesite.**

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

FINDINGS OF FACT

The subject parcel has a total assessed land value of \$84,123. This is comprised of 154.342 acres assessed as non-irrigated agriculture for \$39,704, 97.302 acres assessed as dry grazing land at \$4,419, and a one-acre homesite assessed at \$40,000. The homesite improvements were assessed for \$40,150, resulting in an overall assessed value of \$124,273. Appellant requests only that the one-acre homesite value be reduced to \$3,000, with no other changes.

The subject property is a dry agricultural operation located near Weiser, Idaho. The property includes roughly 253 acres, of which all except one (1) acre is assessed at the

appropriate agricultural use/value rate. A large shop structure is attached to the one-acre homesite. Appellant explained the shop was used primarily to store and repair farm equipment, as well as to store other farm-related materials. There is no water or plumbing inside the shop, however, water is available outside at the hydrant. The shop is also improved with electrical service.

Appellant questioned the roughly 1,200% increase in the assessed land value of the one-acre portion associated with the shop. The 2012 assessed value was \$3,000, compared to the current assessed value of \$40,000. Respondent explained subject was reappraised for the current tax year, and during the inspection of subject, it was discovered the shop had been completed and that water and electricity were available. Respondent changed subject's one-acre site value from an agricultural value to a residential homesite value. This change, along with adding \$12,000 for water and electricity, resulted in the \$40,000 assessed value.

Appellant provided an assessment of another rural property in the area. The property was 1.07 acres of irrigated agricultural land and was assessed for \$6,876. Appellant requested subject be similarly valued. Respondent maintained subject's one-acre site did not qualify for the agricultural exemption and therefore must be assessed at market value.

Respondent submitted assessment worksheets for three (3) rural farm properties located near subject in the Monroe Creek area. Respondent noted the one-acre homesite values were uniform and that subject's one-acre homesite was not treated differently.

Respondent further pointed out that onsite improvements, such as water and electricity, are uniformly assessed across the county at \$6,000 for each amenity.

Respondent provided a list of nine (9) unimproved acreage sales from across the southern portion of the county. Included were five (5) sales from 2010, two (2) from 2011, one (1) from 2012, and one (1) from 2013. Lot sizes ranged from 1.12 to 5.25 acres and sales prices were between \$20,000 and \$150,000. Respondent explained lots between one (1) acre and five (5) acres typically sell in the same price range. In determining land values, Respondent focused on lot sales between one (1) and five (5) acres in size.

In calculating the homesite value indicated by the sales, Respondent removed the two (2) riverfront sales from the analysis because they were viewed as superior to subject. What remained were seven (7) sales with an average sale price of roughly \$31,000. Respondent assessed subject's homesite at \$28,000.

Appellant questioned the legitimacy of using sales from 2010 and 2011 to arrive at current values. Appellant noted the sale properties were actual homesites, whereas the site on subject is only improved with a shop building used to support the larger farming operation. Respondent explained sales in the county were limited, so it was necessary to consider sales from a couple years ago. It was also noted a negative time adjustment was applied to Respondent's sales.

#### 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.

The issue presented centers on the proper value of subject's one-acre site upon which the shop structure sits. Respondent explained a change in the classification of that one-acre piece from agricultural to residential was responsible for the bulk of the 2013 increase in assessed value. First the Board considers whether the one-acre site should qualify for an agricultural exemption.

To qualify for the exemption, the land must be "actively devoted to agriculture", which includes producing field crops, nursery stock, livestock grazing, or other specified agricultural purposes. See Idaho Code § 63-604. The land associated with the shop structure, while used to support the farm operation, does not qualify for an agricultural exemption because such is not an active agricultural use. Equipment storage and repair are not included in the agricultural uses defined in the exemption statute. As such, the Board finds Respondent's decision to move the one-acre site into a market value category was proper.

We turn now, to the question of whether the value assigned to the one-acre site was proper. Idaho Code § 63-205 requires all real property subject to taxation be assessed annually at market value, on January 1 of the applicable tax year. Market value is defined in Idaho Code § 63-201 as follows:

"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.

The Idaho Supreme Court, in *Merris v. Ada County*, recognized three primary methods for determining market value: the cost approach, the income approach, and the market data (sales comparison) approach. 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Because the one (1) acre did not qualify for an agricultural exemption, Respondent placed it in a residential category. While there is no residence on subject, the Board finds no error in this designation, because the other option would be a commercial/industrial classification, and subject is not being used for such purposes. The residential category most closely approximates the use to which the land is being put.

Respondent relied on the sales comparison approach and offered nine (9) sales in that regard. The unimproved sales were roughly between one (1) and five (5) acres in size. Respondent explained this was a special category of land sizes within the county, wherein sale prices are generally similar, despite the size differences. The two (2) highest-priced sales, which involved superior riverfront parcels, were removed from Respondent's analysis. The average sale price of the remaining sale properties was approximately \$31,000.

Appellant's value evidence consisted of an assessment record of a 1.07 acre rural parcel. The land was assessed at \$6,878. Appellant argued subject's one-acre site should be similarly valued. While the Board understands Appellant's position, a comparison of assessed values is not a recognized appraisal approach and is not sufficient evidence to

overturn the assessed value determined by Respondent.

In appeals to this Board, the burden is on Appellant to prove error in subject's assessed value by a preponderance of the evidence. Idaho Code § 63-511. Based on the evidence presented, that burden was not satisfied in this case.

Respondent provided a list of the most recent land sales and used those sale prices to determine a rural homesite value. This value was applied to all such sites in subject's area. While the majority of the sales were more than one (1) acre, Respondent testified rural lots between one (1) and five (5) acres typically sell for a similar price. This position is supported by the list of sales submitted, which reveals that lot size is of minor significance for parcels in this category and price range.

Based on the market value evidence presented, subject's value appears reasonable and well-supported. Accordingly, the decision of the Washington County Board of Equalization will be affirmed.

#### FINAL ORDER

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

DATED this 26<sup>th</sup> day of December, 2013.