

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF KEITH) APPEAL NO. 13-A-1086
VENRICK from a decision of the Canyon County)
Board of Equalization for tax year 2013.) FINAL DECISION
) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing October 7, 2013 in Caldwell, Idaho before Board Member Leland Heinrich. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Appellant Keith Venrick and witnesses Greg and Cathy Urrutia appeared at hearing. Chief Appraiser Brian Stender and Appraisers Chris Jacky and Roger Craig appeared for Respondent Canyon County. This appeal is taken from a decision of the Canyon County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. 300350120.

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

The decision of the Canyon County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$36,360, and the improvements' valuation is \$253,600, totaling \$289,960. Appellant requests no change in land value, but that the improvements' valuation be reduced to \$207,246, totaling \$243,606.

The subject property is a 4.96 acre parcel located outside Caldwell, Idaho. The parcel is improved with a three (3) bedroom, four (4) bathroom residence constructed in 1999. The property is further improved with a 5,000 square foot pole building and another 2,500 square foot outbuilding. Subject is situated roughly .75 miles north of an active dairy

operation. It was noted Appellant purchased subject prior to commencement of the dairy.

Appellant characterized the roughly 20% increase in subject's value as arbitrary and unsupported by the market. For comparison purposes, Appellant provided assessment information on nearly 30 properties located within two (2) miles of subject. It was noted, subject's recent 20.21% increase was more than that received by any other property on the list. In Appellant's view, subject was treated unfairly compared to other similar type properties in the area.

Appellant provided additional information related to the effects of subject being located in close proximity to an active dairy. While the milking parlors are situated about .75 miles from subject, other operational components of the dairy are located within .25 miles. Specifically, Appellant identified two (2) large settling lagoons on the north end of the dairy property, as well as, a field which separates subject from the dairy. According to Appellant, the dairy uses the liquid manure waste from the dairy as fertilizer for the field. Appellant testified the smell is so strong at times it burns the nose and throat. Witness testimony was also offered in this regard. It was argued the strong ammonia smell associated with buildup of manure in the field and in the lagoons has negatively impacted subject's value.

Appellant further recounted a health issue suffered a couple years ago which is attributed to the dairy. In 2008, Appellant contracted *streptococcus dysgalactiae*, otherwise known as bovine mastitis. Appellant was hospitalized for approximately seven (7) days and was administered intravenous antibiotics for an additional two (2) weeks after being

discharged from the hospital. Appellant's physician indicated contact with livestock was the likely source of the infection. Appellant attributed the infection to the dairy's waste management practices.

Respondent agreed subject's value is negatively influenced by its close proximity to the dairy operation. To account for this, Respondent applied a 20% downward location adjustment to subject's land value. An additional 10% downward adjustment was granted due to subject having a shared well. In Respondent's view, subject's physical land characteristics were considered and appropriate adjustments were made.

Regarding the increase in the value of subject's improvements, Respondent explained it was the result of some corrections made to the computer-assisted valuation system. The first correction concerned a change in the value rate applied to subject's outbuildings. The automated system was using a cost table which had not been adjusted to the local marketplace. Once the proper cost table was linked to subject's outbuilding characteristics, their combined value increased from \$44,900 to \$62,600.

The other primary cause behind the value increase was the basement. Prior to the current tax year, Respondent's automated system made no value distinction for different types of basement spaces. The system was updated to recognize differences and to make value adjustments accordingly. Subject has a walk-out basement, which had previously been assessed as any other type of basement space. Making this change caused the value of subject's residence to increase by nearly \$40,000.

Respondent also offered information on three (3) sales involving properties located

near active dairy or feedlot operations. The sale properties were each located within 1.5 miles of two (2) or more such operations. The sales approximated subject in terms of acreage and residence size. Sale prices were between \$210,000 and \$325,000, or from \$60.34 to \$104.37 per square foot. After removing outbuilding values, Respondent calculated adjusted price rates between \$60.34 and \$81.09 per square foot. On a like basis, subject's residence was assessed for \$58.30 per square foot.

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 taxable property be assessed at market value on January 1 of the relevant tax year. Idaho Code § 63-201 defines market value 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.

The Idaho Supreme Court has identified three (3) primary methods of determining market value, “the cost approach . . . the income approach . . . and the [sales comparison] approach, in which value of the assessed property is ascertained by looking to current open market sales of similar property.” *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d

394, 398 (1979). Appellant presented assessment information on a large number of properties located in subject's area. It was noted subject's value increase for 2013 was more than any of the referenced properties. Appellant contended subject was treated unfairly compared to other similar parcels.

While the Board understands Appellant's position regarding the percentage increase in subject's valuation, comparisons of assessed values is not a recognized appraisal approach. Further, Respondent explained subject's improvement values increased as a result of corrections made to the county's automated system. Specifically, an updated cost table was applied to subject's outbuildings which caused almost a \$20,000 increase. The other change was related to the valuation treatment of subject's basement, which increased by roughly \$40,000 after the assessment system was updated.

The Board finds no error with Respondent's endeavors to accurately reflect subject's correct attributes, which in this case involved updates to the computerized valuation system. An accurate estimate of market value is the goal of assessment and Respondent's efforts in this regard were proper.

Recognizing the nearby dairy negatively affected subject's market value, Respondent applied a downward 20% location adjustment for this influence. An additional 10% negative adjustment was made for subject's shared well. Respondent maintained subject's situation was adequately reflected in the current assessment.

Respondent also offered three (3) sales in support of subject's assessed value. Each sale property was situated within 1.5 miles of two (2) or more active livestock

operations, but were also located some distance from subject. The sale properties were generally representative of subject in terms of lot and residence size. The prices were between \$210,000 and \$325,000, or indicated a rate from \$60.34 to \$104.37 per square foot. Subject was assessed for \$289,960, or \$74.35 per square foot.

While the sale properties were located near livestock operations, none were located as close to one as the subject. The center of the dairy near subject is located roughly .75 miles away, but the active settling ponds are only .25 miles away. Even closer is the continuing fertilization operation in the adjacent field. Extensive testimony was offered regarding the strong ammonia smell and other negative attributes associated with the dairy's waste removal practices. It was also noted Appellant purchased subject several years prior to commencement of the dairy operation.

In general, the Board finds no error with Respondent's application of a standard 20% land value adjustment for properties situated near active livestock operations. However, in the Board's judgment the same adjustment should also be applied to the improvements attached to such parcels. While no physical damage has occurred to subject's improvements, they are permanently affixed to the underlying acreage and are therefore similarly impacted. As such, the value of the improvements should likewise be adjusted for the dairy influence.

Based on the above, the decision of the Canyon County Board of Equalization is modified to reflect a total market value of \$239,240.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Canyon County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in subject's improvements' valuation to \$202,880, with no change in the \$36,360 land value, for a total valuation of \$239,240.

IT IS FURTHER ORDERED that 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 Appellant.

DATED this 27th day of February, 2014.