

BEFORE THE IDAHO BOARD OF TAX APPEALS

WILLIAM PHILLIPS,)	
)	
Appellant,)	APPEAL NO. 16-A-1003
)	
v.)	FINAL DECISION
)	AND ORDER
JEFFERSON COUNTY,)	
)	
Respondent.)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Jefferson County Board of Equalization modifying the protest of valuation for taxing purposes of property described by Parcel No. RP002700000010. The appeal concerns the 2016 tax year.

This matter came on for hearing September 13, 2016 in Rigby, Idaho before Hearing Officer Cindy Pollock. Appellant William Phillips was self-represented. Jefferson County Assessor Cody Taylor represented Respondent.

Board Members 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 Jefferson County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$33,125, and the improvements' value is \$126,453, totaling \$159,578. Appellant contends the correct total value is \$124,000.

The subject property is a 1.6 acre parcel located in Rigby, Idaho. The residence is of brick construction built in 1976, and contains 2,488 square feet. The residence contains two (2) bedrooms and one (1) bathroom on the main floor, and two (2) bedrooms and one

(1) bathroom in the basement. Both the main floor and basement are improved with a kitchen and fireplace. The property is further improved with an 832 square foot garage.

Appellant commissioned an appraisal prepared by an independent fee appraiser, with a valuation date of July 7, 2016. The appraisal considered information regarding four (4) sales and one (1) listing to develop a value conclusion for subject. The sales were located between 1.23 and 3.76 miles distant from subject. Three (3) sales occurred in 2016, with the remaining sale from mid-2015. Subject was described as brick construction and all four (4) sales were described as frame construction. The sale prices were between \$115,000 and \$169,900. After applying appraisal adjustments for physical differences compared to subject, the adjusted sale prices ranged from \$123,747 to \$125,482. The appraisal concluded a value of \$124,000 for subject. Respondent argued the sales in the appraisal were not comparable to subject in terms of style or quality of construction.

Appellant maintained subject had deferred maintenance issues, such as a few cracks in the interior walls and ceiling. Some minor cracks existed on the exterior as well. Some floor coverings and cabinets were noted to be dated and in need of repair or replacement. Appellant did not suggest a cost to cure. Respondent explained subject was inspected and some deferred maintenance was noted. Overall, subject was said to be in Average+ condition for its age. However, Respondent stated after the physical inspection subject's value could be lowered slightly more to better account for some of the deferred maintenance.

Focusing specifically on subject, Respondent provided information concerning four

(4) sales regarded as similar to subject in terms of style and construction quality, along with overall characteristics. Three (3) of the sales took place in 2015, with the remaining sale closing in March 2016. The sale prices ranged from \$153,000 to \$169,000, or from \$48 to \$62 per square foot. Respondent adjusted the sales to account for physical differences compared to subject, and also applied an upward one-half of a percent per month time adjustment to account for the appreciating market. The adjusted sale prices were between \$155,755 and \$166,465. Subject was assessed for \$159,578, or \$51 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 taxable property be assessed at market value annually on January 1; January 1, 2016 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.

The three (3) primary methods for determining market value are the cost approach, the sales comparison approach, and the income approach. *Merris v. Ada County*, 100

Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential properties are commonly valued using the sales comparison approach. Such approach typically involves a consideration of recent sales involving similar properties.

A key element in appraisal is the effective date of valuation. Typically, a value estimate is derived using information which is knowable as of the valuation date. As indicated above, the assessment and appraisal date in this appeal is January 1, 2016. Therefore, the Board's review will be restricted to market data existing prior to January 1st.

Appellant's primary value evidence was in the form of an independent fee appraisal of the subject property. The appraisal considered four (4) improved residential sales and one (1) active listing. All but one (1) of the sales provided in the appraisal took place in 2016, which is beyond the effective appraisal date in this matter. Further, the value conclusion reached in the appraisal was reached well beyond January 1st as well. Because of the timeliness issues, no weight was afforded the active listing, the 2016 sales, nor the appraisal conclusion itself. The 2015 sale involved an 1,150 square foot residence on a 1.15 acre lot located in Rigby. The property sold in mid-2015 for \$157,000. Respondent pointed out the sale residence was not a similar style home compared to subject's brick design. As noted in the independent appraisal net adjustments of approximately 20% were made when compared with subject. The Board also finds this sale was not the best representation of comparison to subject based on the design and large adjustments.

Respondent provided four (4) sales for comparison with subject. Three (3) of the

sales took place in 2015, with the remaining sale taking place in March 2016. The March 2016 sale was after the appraisal date and will not be used in our analysis. The remaining sales had sale prices which ranged between \$153,000 to \$169,000. Respondent adjusted the sales to account for physical differences compared to subject, and also applied an upward time adjustment to account for the appreciating market. Adjusted sale prices were between \$155,755 and \$166,465. The sale properties were generally similar to subject in terms of age and design.

In appeals to this Board, the burden is with the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. Idaho Code § 63-511. Based on the record in this matter, such burden was not satisfied as to the requested valuation of \$124,000. Respondent's analysis was detailed and well-supported. The information provided by Respondent was deemed a superior evaluation of the subject property's value.

Respondent inspected subject and found deferred maintenance issues. Respondent stated subject's value could be lowered to better account for some of the deferred maintenance.

Based on the above, the decision of the Jefferson Board of Equalization is modified to reflect a decrease in subject's total value to \$155,000.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Jefferson County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in subject's total assessed value to

\$155,000, of which \$33,125 is attributable to the land, and \$121,875 to the improvements.

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.

Idaho Code § 63-3813 provides that under certain circumstances the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 20th day of December, 2016.