

BEFORE THE IDAHO BOARD OF TAX APPEALS

THOMAS AND MARSHA CUTTER,)	
Appellants,)	APPEAL NO. 16-A-1046
v.)	FINAL DECISION
BANNOCK COUNTY,)	AND ORDER
Respondent.)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bannock County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. R4223020808. The appeal concerns the 2016 tax year.

This matter came on for hearing October 14, 2016 in Pocatello, Idaho before Board Member David Kinghorn. Appellants Thomas and Marsha Cutter were self-represented. Assessor Jared Stein 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 residential property.

The decision of the Bannock County Board of Equalization is reversed.

FINDINGS OF FACT

The assessed land value is \$42,900, and the improvements' value is \$207,545, totaling \$250,445. Appellants contend subject's correct value is \$230,000.

The subject property is a 2.5 acre parcel improved with a 2,452 square foot residence constructed in 1998. The residence also has an 835 square foot finished basement. There are two (2) bedrooms, one (1) office/den¹, two and one-half (2½) bathrooms, and an attached 2-car garage. Subject is located in McCammon, south of Pocatello, Idaho.

¹Respondent included this room as a bedroom in its analysis.

Appellants purchased subject in June 2015 for \$229,000. Subject had been on the market for about five (5) years and was re-listed in January 2015 for \$239,900. The asking price was then lowered to \$229,000 in May of 2015. In Appellants' view, the transaction satisfied the necessary elements of a valid arm's-length purchase between a willing and knowledgeable buyer and seller. As such, Appellants argued the purchase price was the best evidence of subject's current market value. Respondent argued the sale was an "estate sale" because the spouse of the seller passed away in 2010, about the time the property was originally listed on the market. Respondent maintained the surviving spouse had moved out prior to the recent listing and was therefore specially "motivated" to sell the property.

Appellants provided additional information on subject and another 2015 sale of property located .25 miles from subject. The other sale property contained four (4) bedrooms, three (3) bathrooms and an attached garage. The sale residence was 1,733 square feet in size with a 1,452 square foot finished basement. The parcel was 8.6 acres in size and also contained a shop. This property sold for \$277,500. After directly comparing the sale property to subject, making adjustments for acreage, bedroom count, shop, and updated roof, Appellants concluded a value of \$229,400 for subject.

In support of subject's assessed value Respondent referenced four (4) improved residential sales located between .25 and 11 miles from subject. The sales all occurred in 2015. One (1) of these sales was the same transaction considered by Appellants and referenced above. The sale properties ranged in size between 1.4 and 12 acres. The sale residences were between 2,168 and 4,656 square feet, including the finished basement space. The sale residences were built in 1992, 1998 and 2006. The purchase prices ranged from \$259,900 to \$330,000, or between \$91 and \$122 on a per square foot basis. Similarly, the subject is assessed at \$85 per square foot. Appellants noted none of

Respondent's comparable sales were two (2) bedrooms like the subject. Respondent suggested subject's third room could be used as a bedroom even though it had no closet.

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.

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. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property like the subject is commonly valued using the sales comparison approach.

Respondent provided information on four (4) recent sales in addition to subject's purchase, however, did not attempt to directly compare any of the sale properties to subject using appraisal adjustments. While the Board appreciates the information, without specific adjustments and comparisons for key value factors, it is difficult to see a direct link between the comparable sales information and subject's current market value. We also had questions regarding the true comparability of some sale properties given the acreage

and residences sizes. Typically an appraiser's sales comparison analysis would present adjustments for these types of differences or discuss in detail the consideration given for these differences.

Appellants contended subject's recent purchase for \$229,000 was the best indicator of current market value. In addition to this purchase price, Appellants offered an analysis of one (1) recent close-by sale. Appellants made specific appraisal adjustments in considering the comparable sale and reached a value conclusion for the subject of \$229,400.

Respondent considered subject's purchase to be an estate sale and therefore not a valid arm's-length transaction. The Board disagrees. Subject was on the market for several years, then listed again in early 2015 at \$239,900. In May of 2015 the list price was further lowered to its ultimate purchase price of \$229,000. We find the lengthy prior listing of subject demonstrates subject was not sold quickly or under a particularly undue duress. We did not find the evidence in record to show otherwise. Here the timely sale of the subject, following a lengthy open market listing, is deemed good evidence of the property's market value.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. We find the burden of proof satisfied here. In all, Appellants presented the stronger market value case.

Based on the above, the decision of the Bannock County Board of Equalization is reversed, thereby lowering subject's market valuation to \$230,000, of which \$42,900 is attributable to the land and \$187,100 to the improvements.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bannock County Board of Equalization concerning the subject parcel be, and the same hereby is, REVERSED, to reflect a land value of \$42,900, and an improvements' value of \$187,100, with subject's total market value at \$230,000.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, 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 Appellants.

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

DATED this 24th day of February, 2017.