

BEFORE THE IDAHO BOARD OF TAX APPEALS

BARRY SR. AND ROBIN SCHULTZ,)	
)	
Appellants,)	APPEAL NO. 17-A-1048
)	
v.)	FINAL DECISION
)	AND ORDER
NEZ PERCE COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Nez Perce County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RP35N05W030350A. The appeal concerns the 2017 tax year.

This matter came on for hearing October 11, 2017 in Lewiston, Idaho before Board Member Leland Heinrich. Appellants Barry Sr. and Robin Schultz were self-represented. Deputy Prosecutor Nance Ceccarelli represented Respondent. Board Members David Kinghorn, Leland Heinrich and Kenneth Nuhn join in issuing this decision.

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

The decision of the Nez Perce County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$34,010, the main improvements' value is \$157,056, and other improvements' value is \$5,243, totaling \$196,309. Appellants contend the correct land value is \$40,556, and the combined improvements' value is \$97,073, totaling \$137,629.

The subject property is a 2,794 square foot residence on 5.95 acres. The property

is located near Lewiston, Idaho. Subject is also improved with a small outbuilding.

Appellants explained the property is located near an active rock pit operation which has caused, and is expected to continue to cause, damage to subject. The rock pit operation involves blasting. Appellants testified to past damages and the consequences of the damages, which include in part the loss or difficulty of obtaining homeowner's insurance, noise pollution, and loss of property enjoyment.

At hearing, Appellants provided information from the years 2012 through 2017. Receipts were submitted from April and November of 2016, for painting work done on subject's interior and exterior surfaces. The painting work cost about \$10,000. Appellants provided other more recent evidence in the form of a letter dated February 26, 2015. The letter was from Integrity Appraisal, and after listing some extraordinary assumptions, opined a value of \$180,000 as of January 31, 2015. The appraisal was based on subject's condition in mid-2014 and valued a land area which was a little larger than the subject's land area in this appeal. The value included a 15% deduction for associated risk with unknown future costs to cure. The fee appraiser found hypothetically if the residence was in good condition with no damages from nearby blasting, a value of \$340,000 was indicated.

Respondent explained its goal was to achieve market value with equitable assessments throughout the county. It was reported a previous 2014 district court case had determined subject's market value assessment for the 2012 tax year. Respondent then made no changes to that value until the 2017 tax year. The 2017 update followed

Respondent's learning Appellants had put thousands of dollars into the subject property during 2016. Where property in subject's area was part of revaluation for 2017, subject was inspected and reappraised for the current tax year. Subject's value increased due to the reappraisal.

During Respondent's inspection, the repainting of some of the residence's interior and exterior surfaces were observed. It was also noted oversized screws were put through some of the steel roofing to secure it better, and that "nail pops" had been repaired. Seven (7) windows were also observed to have been replaced. And new tongue and groove material had been installed over existing sheetrock in the laundry room. Respondent judged on the whole the repairs and changes were cosmetic in nature suggestive of normal upkeep, rather than structural repairs.

Respondent explained the change in assessed value for 2017 reflected the normal assessment cycle and practices as governed by Idaho Code. It was contended all three (3) approaches to value were considered, however at hearing, it was the cost approach to value which was presented by Respondent.

In Respondent's cost approach, subject's land was graded "average" for consistency with neighboring assessments, while the market grade determination of "three" for the house was lower than normal to reflect a more accelerated depreciation. A reduction of twenty-five percent (25%) was also applied to the improvements in recognition of the 2014 district court's decision to reflect ongoing stigma associated with the property. For 2017, the stigma reduction amounted to about \$67,000. After all the appraisal adjustments and

calculations in the cost approach, the final value conclusion reached was \$196,309.

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 based on its status and market value annually on January 1; January 1, 2017 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. The three (3) primary methods of determining market value include the cost approach, the income approach, and the sales comparison approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach is commonly used to estimate the market value of residential property, however, neither party submitted a current or recent valuation using this approach.

Appellants discussed subject's past issues, damages, and repairs. Much of this evidence pertained to earlier proceedings connected with the 2014 district court case.

Appellants also provided evidence which the Board found related to times after January 1, 2017. The Board did not rely heavily on the older evidence in record, finding it stale or not particularly reflective of subject's physical condition and likely market value as of January 1, 2017. The Board also disregarded evidence which took place beyond the current assessment date. While the Board appreciates and understands much of Appellants' concerns related to subject's proximity to a rock pit and blasting operations, the issue in this case centers on subject's current market value. In this respect, Appellants' value evidence most recent to January 1, 2017, was in the form of receipts connected with the painting of interior and exterior surfaces. We found the record also showed other work had been done to the residence such as replacing windows.

Regarding the value information from Appellants' fee appraiser, the cited condition of the subject property dated back to August of 2014, and before several work projects were completed on the residence. The stated value opinions in the fee appraisal work ultimately had a valuation date of January 31, 2015. The record did not present the market data and appraisal analysis considered by the appraiser. In this regard, there was little for the Board to weigh or rely on in Appellants' appraisal evidence.

Respondent's appraisal had the benefit of a physical inspection which was guided by Appellants. Documentation outlining the cost approach analysis was in record. Respondent's replacement cost new for subject, including the land, was \$328,592. After allowing accelerated depreciation and the sigma adjustment, a final value conclusion, including the land, was \$196,309. The Board did not find error in Respondent's

methodology. Appellants did not present a superior appraisal, nor was evidence found supporting further adjustments in the cost approach.

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 did not find the burden of proof satisfied in this instance. While subject has in the past, and may in the future, suffer from blasting related damages, Respondent's appraisal consideration was found to reasonably reflect the subject property's current condition and to have made a downward adjustment for stigma associated with the property. Appellants value position was not found to be as well supported. The decision of the Nez Perce County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 29th day of December, 2017.