

BEFORE THE IDAHO BOARD OF TAX APPEALS

GEORGE MCQUISTON,)	
)	
Appellant,)	APPEAL NO. 17-A-1226
)	
v.)	FINAL DECISION
)	AND ORDER
CUSTER COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Custer County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RPA00120010110A. The appeal concerns the 2017 tax year.

This matter came on for hearing November 8, 2017 in Challis, Idaho before Board Member David Kinghorn. Appellant George McQuiston was self-represented. Assessor Jacque Bruno 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 Custer County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$16,420, and the improvements' value is \$99,830, totaling \$116,250. Appellant contends the correct total value is \$80,256.

The subject property is a .28 acre residential lot located in the Challis Southern Addition subdivision in Challis, Idaho. The property is improved with a 2,484 square foot residence split evenly between the main floor and the basement. The residence was

constructed in 1981.

Appellant purchased subject in October 2016 for \$80,256 from a bank. Prior to the purchase by Appellant, the property was listed for sale on the open market at \$95,000 for approximately forty-five (45) days during mid-2016 before an offer to buy was received. Ultimately, the first sale did not consummate so the property was re-listed in late August of 2016 and remained on the market until Appellant's October purchase. Appellant pointed to the roughly seventy-five (75) days subject was on the market as evidence the ultimate sale price represented market value. Appellant petitioned subject's assessed value be reduced to match the 2016 purchase price.

Respondent acknowledged subject's open market purchase, however, contended it was not given much weight in estimating subject's assessed value because the seller was a bank. As such, the sale was distressed in Respondent's view and should therefore not be included in the analysis of market value.

Respondent explained residential assessed values in the county are determined on a mass appraisal basis according to rules promulgated by the state tax commission. One aspect of this process is to compare recent sale prices to assessed values within a specific property category to determine an appropriate market adjustment factor, which is then applied to all properties within the particular category. In this regard, Respondent provided a list of twelve (12) improved residential sales from subject's specific subdivision development. Only two (2), including subject's purchase, were distressed sales. The sale prices ranged from \$40,000 to \$123,000. A similar set of eleven (11) sales was also

provided for the Challis Eastern Addition subdivision. The sale prices from this development ranged from \$5,000 to \$129,900.

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, 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 sales comparison approach, the income approach, and the cost approach represent the three (3) recognized methods for determining market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach is often used to estimate the market value of residential property.

Though the parties both provided some information generally relevant to the sales comparison approach, neither party attempted a traditional sales comparison approach

wherein multiple recent sales of similar property are examined and adjustments are made for differences between the subject and the sale properties. Rather, Appellant relied solely on subject's purchase in October 2016 for \$80,256. The Board has a couple concerns with using this sale as the primary, or the only, support in determining subject's market value. First, the seller was a bank which makes the transaction generally consistent with a distressed sale. While distressed sales or bank sales can sometimes be used with caution, sound appraisal practice dictates such sales should not form the primary basis for determining market value, particularly when distressed sales do not constitute a notable segment of the market. Such is the case here, where out of twelve (12) sales from subject's subdivision, only two (2), were distressed. This suggests distressed sales represent a minority of the market and are not a driving force on the prices in the marketplace.

The Board's second concern is with placing too much weight on a single sale, whether distressed or not. "[M]arket value' can not be established by a single arm's length transaction in which a unique property . . . is sold for cash . . . 'market value' becomes an important standard of measurement in the valuation of property only after there have been numerous sales or exchanges of similar property." *Janss Corp. v. Bd. of Equalization of Blaine Cnty.*, 93 Idaho 928, 931, 478 P.2d 878, 881 (1970). In the Board's view, a single distressed sale is insufficient on its own to establish market value especially given the fact there is information available concerning numerous other recent non-distressed sales.

The Board also had concerns with the information provided by Respondent. Two (2) lists of sales were offered, however physical details concerning the sale properties were completely lacking, except for the lot sizes expressed in terms of square feet. The lists did indicate sale dates, sale prices, and “land residual” values, which presumably correlated to the assessed land value. However no direct comparisons between subject and any of the sale properties were attempted, nor was it clear how the list of sales was used to determine subject’s current assessed value. The Board would have preferred a more appraisal-like analysis be presented with a more direct link between subject’s assessed value and the sales data provided.

In appeals to this Board, Appellant bears the burden of proving error in subject’s valuation by a preponderance of the evidence. Idaho Code § 63-511. Given the limited evidence presented in this matter, the Board does not find the burden of proof satisfied. The only market data provided by Appellant was subject’s purchase from a bank. Without more sales data and analysis to support the position subject’s purchase was at market value, the Board was unable to heavily rely on the recent purchase price. Admittedly, the Board was also left with questions after reviewing Respondent’s sales data and value case. However, the burden of proof is with Appellant and without more market value evidence to support the requested value, we find Appellant failed to meet the requisite evidentiary burden.

Based on the above, the decision of the Custer County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 1st day of February, 2018.