

BEFORE THE IDAHO BOARD OF TAX APPEALS

BRUCE AND BARBARA PETERSON,)	
)	
Appellants,)	APPEAL NO. 18-A-1220
)	
v.)	FINAL DECISION
)	AND ORDER
PAYETTE COUNTY,)	
)	
Respondent.)	
_____)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Payette County Board of Equalization denying an appeal of the valuation for taxing purposes of property described by Parcel No. 07N05W142551. The appeal concerns the 2018 tax year.

This matter came on for hearing October 22, 2018 in Payette, Idaho before Board Member Leland Heinrich. Appellant Bruce Peterson appeared at hearing. Assessor Sharon Worley 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 Payette County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$75,750, and the improvements' value is \$268,201, totaling \$343,951. Appellants contend the correct land value is \$50,000, and the improvements' value is \$227,870, totaling \$277,870

The subject property is a 3.1 acre parcel located approximately four (4) miles south of Fruitland, Idaho. The property is improved with a 2,129 square foot single-level

residence constructed in 2003. Other improvements include an attached two (2) car garage and a detached garage/shop building roughly 900 square feet in size. The property is further improved with 1,792 square feet of concrete and 4,950 square feet of asphalt paving. Appellants noted subject's property characteristics record maintained by the county assessor's office erroneously included a fireplace, which subject does not have.

Appellants highlighted subject's valuation increased 17% for the current assessment year and questioned whether such an increase was proper. Looking first at the value of subject's improvements, Appellants compiled a list of assessed values for other properties also improved with larger residences. Of the twenty-six (26) parcels listed, one-half (½) experienced an increase in overall assessed value for 2018, while the others saw a reduction in value. Appellants pointed out in addition to having the largest percentage increase for 2018, subject's residence was assessed higher per square foot than the other residences included on the list. In Appellants' view, the inconsistent changes in value suggested inequitable assessment of subject.

In similar fashion, Appellants provided a list of land values for parcels in subject's general area. With the exception of a 4.2 acre parcel, subject's land value was noted to be the highest, particularly with respect to subject's "excess" acreage surrounding the one (1) acre homesite which was valued at approximately \$15,000 per acre. Appellants explained these roughly two (2) excess acres are dry ground and are covered by weeds. The subject parcel does have water rights, however, the irrigation line would have to run across the neighbor's parcel, which the neighbor has not permitted. Again, Appellants

questioned why subject's land value was higher than the other land values on the list.

Respondent explained subject's increase resulted from the removal of a value reduction granted by the Payette County Board of Equalization (BOE) for the 2017 assessment year, as well as recent sales activity in the area indicating an appreciating market. Respondent offered information concerning three (3) sales from 2017 located within a couple miles of subject. The sale properties ranged in size from 2.88 to 5.0 acres and the sale residences were generally representative of subject in terms of age, single-level design, construction quality, condition, and size. The sale properties also included attached garages and additional outbuildings of various size and purpose. Respondent adjusted the sale prices to account for physical differences between subject and the sale properties, resulting in adjusted prices ranging from \$302,145 to \$450,595, with a median price of \$355,911. Subject's total assessed value is \$343,951, which was noted to be within the range indicated by the adjusted sales.

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, 2018 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) approaches for determining market value include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is often valued using the sales comparison approach, which considers information concerning multiple recent sales of nearby similar property.

Appellants questioned not only the percentage increase in subject’s assessed value, but also the value amounts assigned to both the land and improvements, which in Appellants’ view were too high compared to other assessments in the area. While Appellants’ position is well understood, there are a couple concerns in this particular case. First, the largest part of subject’s value increase resulted from Respondent’s removal of the BOE’s 2017 adjustment to the property’s valuation. Presumably the properties included on Appellants’ list did not have a prior BOE adjustment removed, so therefore those values did not increase, on a percentage basis, as much as subject’s value. A bigger concern was the lack of details regarding the properties on Appellants’ list. It was unclear whether the listed properties had additional improvements such as detached shops/garages and paving. In order to compare the per-square-foot value of subject’s residence with the properties on

the list, it is necessary to remove all other improvement values otherwise the calculation will be skewed. It was not clear if Appellants removed values of any improvements not attributable to the residences. Lastly, and most importantly, a comparison of assessed values is not a recognized appraisal approach. Accordingly, the assessment information provided by Appellants did not factor heavily in the Board's analysis.

Respondent's value evidence, on the other hand, was better received by the Board. Respondent offered information concerning three (3) recent sales involving properties with larger residences which were noted to be generally similar to subject's residence. Adjustments were made to account for differences between subject and the sale properties, which is typical under the sales comparison approach. Overall, Respondent's analysis was judged to be supported and reasonable given the information in the record.

In accordance with Idaho Code § 63-511, the burden is with the Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. We did not find the burden of proof satisfied. Appellants did not offer any recent market data for the Board's consideration, whereas Respondent prepared a more traditional sales comparison analysis using three (3) recent sales from subject's area. The adjustments appeared reasonable and the resulting adjusted sale prices supported subject's current valuation.

Despite the foregoing, an error concerning subject's property characteristics was discovered during the hearing, which error should, and will be, corrected here. The error was the inclusion of a fireplace in subject's property record, which subject does not have. In its adjustment analysis, Respondent adjusted one (1) of the sales by \$1,906 for a lack

of fireplace, which adjustment appears reasonable in the Board's judgment, and will therefore also be applied to subject.

Based on the above, the decision of the Payette County Board of Equalization is modified to reflect a total assessed value of \$342,045.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Payette County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED, to reflect the following values:

Rural Residential Tract (1.98 acres)	\$ 29,700
Rural Residential Homesite (1 acre)	\$ 46,050
Public ROW / Waste (.12 acres)	\$ 0
Non-residential Improvements	\$ 21,700
Residential Improvements	<u>\$244,595</u>
	\$342,045 TOTAL

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 that under certain circumstances the above-ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 4th day of January, 2019.