

BEFORE THE IDAHO BOARD OF TAX APPEALS

SCOTT RANDALL,)
)
 Appellant,) APPEAL NO. 19-A-1216
)
 v.) FINAL DECISION
) AND ORDER
 BONNEVILLE COUNTY,)
)
 Respondent.)
)
)
 _____)

MANUFACTURED HOME APPEAL

This appeal is taken from a decision of the Bonneville County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. MHNASH942606. The appeal concerns the 2019 tax year.

This matter came on for hearing October 21, 2019 in Idaho Falls, Idaho before Hearing Officer Travis VanLith. Appellant Scott Randall was self-represented. County Assessor Blake Mueller 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 a manufactured home.

The decision of the Bonneville County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed value of the manufactured home is \$73,796. Appellant contends the market value is \$27,396.

The subject property is a manufactured home situated on a real property parcel located in Idaho Falls, Idaho. The 1,352 square foot double-wide style manufactured home was constructed in 1994. The manufactured home is not affixed to a permanent foundation and was assessed separately from the land parcel upon which it sits.

On appeal, Appellant advanced two (2) primary arguments. The first concerned the Property Tax Reduction Benefit program administered by the Idaho State Tax Commission (STC). Appellant learned of a legislative change to the governing statute which now made Appellant eligible for the benefit. However, by the time Appellant discovered the change, he was informed it was too late to file an application for the 2019 tax year. Appellant petitioned this Board to find he qualifies for the program and to award the benefit for 2019.

Appellant's second argument focused on the value increase for the manufactured home for the current assessment year. Appellant reported purchasing the manufactured home approximately five (5) years ago for \$22,500 and highlighted the assessed value for 2018 was roughly \$27,000. Appellant questioned how subject's value could then increase in 2019 to \$73,796, or nearly 300% in a single year.

Respondent explained there was an administrative error which caused 2018 assessed values to be below market levels. The issue was identified by the STC during its regular assessment review process. Respondent was consequently directed to increase values across all applicable categories, which contributed to the increase in subject's assessed value.

Focusing on subject's current assessment, Respondent offered information on six (6) sales from 2017 and one (1) from 2019. All the sale residences were manufactured homes, though unlike subject, all were attached to permanent foundations. The sale residences were generally similar to subject in terms of square footage and all shared the same quality and condition ratings as subject. Sale prices ranged from \$115,000 to \$153,470. In an attempt to isolate the values attributable to the respective sale residences, Respondent removed assessed values of the land and other improvements, including garages where applicable,

from the sale prices. The result was a range in value for the sale residences from \$45.59 to \$83.37 per square foot, or an average indicated price rate of \$66.99 per square foot. Based on this, Respondent determined a value of \$60.36 per square foot for the subject home. Respondent then applied a 10% downward adjustment to account for subject not being attached to a permanent foundation. Respondent offered testimony this adjustment was supported by marketplace activity and would reflect how non-attached manufactured homes typically sell in the market. After the adjustment, Respondent concluded a value of \$54.58 per square foot for subject.

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 in fee simple interest, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2019 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 cost approach, and the income approach comprise the three (3) primary methods for estimating market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63,

593 P.2d 394, 398 (1979). The sales comparison approach, which relies on recent sales of similar property, is often used to value residential property.

Appellant expressed two (2) primary concerns, which the Board will address in turn. The first was in regard to the Property Tax Reduction Benefit program, which in basic terms provides property tax relief to qualified applicants. Appellant learned of a recent change in the program's eligibility requirements which would make Appellant eligible for the benefit. The problem, however, was Appellant discovered the change after the April 15, 2019 deadline by which to apply for the program for the 2019 tax year.

The Property Tax Reduction Benefit program is administered by the STC pursuant to the provisions of Idaho Code § 63-701. One (1) legal requirement is that application for the program must be filed between January 1 and April 15 of the year in which the benefit is sought. Applications are submitted to the county assessor and then forwarded to the STC for a final determination. If a claimant's application is denied, or a claimant's benefit is otherwise modified by the STC, then the claimant may appeal such action to this Board. In the present case however, Appellant did not file an application so there was no subsequent action taken by the STC. Therefore there was no STC decision issued, which, could be appealed to this Board. While the Board is sympathetic to Appellant's situation, there is nothing for this Board to review because the issue is not ripe for consideration.

Appellant's other concern was the large increase reflected in subject's current assessment. It was questioned how the value could nearly triple in a single year. Admittedly, subject's assessment did increase notably for 2019. Respondent explained there was an error in the county's system which caused certain assessed values to be below market levels for

2018. The STC discovered the under-assessment problem and directed Respondent to increase 2019 values for the affected property. In other words, subject's 2018 assessed value was evidently lower than it should have been, and the 2019 value reflects Respondent's effort to "catch up" to current market levels. Though not critical to our final decision, this information does shed light on the basis for the year-to-year assessment increase.

Turning to 2019 value evidence, Respondent provided information regarding seven (7) sales. Though the sales data was appreciated, the Board had some concerns with the extraction methodology used to isolate the values attributable to the sale residences. Rather than directly compare the sale properties to subject and make adjustments for differences in property characteristics, Respondent simply removed its assessed land and other improvement values from the respective sale price, thereby leaving a residual value which Respondent attributed to the sale residence. This methodology is not representative of a traditional sales comparison approach. Despite the concerns, the sales information provided by Respondent was the only market value evidence in the record and was therefore relied upon by the Board.

Respondent's analysis of the sales found an average price rate of \$66.99 per square foot for the sale residences. The subject manufactured home is assessed at \$54.58 per square foot, which rate includes a 10% downward adjustment to account for the fact subject is not situated on a permanent foundation. In light of the sales data presented and the extra consideration given for the lack of a foundation, subject's market value assessment appears reasonable.

Idaho Code § 63-511 places the burden on Appellant to prove subject's valuation is erroneous by a preponderance of the evidence. We did not find the burden of proof satisfied

in this instance. Appellant did not offer any market value evidence to support a reduction in subject's valuation, nor was subject's value demonstrated to be erroneous given the sales information Respondent submitted to the record. In all, the Board did not find sufficient cause to disturb the value determined by Respondent.

The 2019 value decision of the Bonneville County Board of Equalization is affirmed.

FINAL ORDER

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

DATED this 15th day of January, 2020.

IDAHO BOARD OF TAX APPEALS