

BEFORE THE IDAHO BOARD OF TAX APPEALS

NICK AND KATY JENSEN,	)	APPEAL NO. 19-A-1424
	)	
Appellants,	)	FINAL DECISION
	)	AND ORDER
v.	)	
	)	
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
_____	)	

**RESIDENTIAL PROPERTY APPEAL**

The appeal is taken from a decision of the Bannock County Board of Equalization modifying a protest of valuation for taxing purposes on property described as Parcel No. RPRCJCV000100. The appeal concerns the tax year 2019.

The parties stipulated to have the Board hear this matter on the documentary record without the necessity of personal appearances at hearing. The Board subsequently ordered all information and evidence be submitted by both parties, after which the record was closed. The Board now renders its decision based upon the record created. Appellants Nick and Katy Jensen were self-represented. County Appraiser Celeste Gunn represented Respondent.

Board Members Leland Heinrich, David Kinghorn, 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 Bannock County Board of Equalization is reversed.**

FINDINGS OF FACT

The assessed land value is \$68,310, and the improvements' value is \$459,417, totaling \$527,727. Appellants contend the land value is \$70,000, and the improvement value is \$310,000, totaling \$380,000.

The subject property is a .73 acre parcel located in Chubbuck, Idaho. The parcel is improved with a multi-level dwelling constructed in 2017. The dwelling totals 3,267 square feet

in size, with 2,030 square feet on the main level, 1,237 square feet on the upper level, and 436 square feet of unfinished bonus room above one of the attached garages. The dwelling has two (2) attached garages with room for five (5) vehicles.

Appellant purchased the subject property in December 2018 for \$350,000. Appellants challenged Respondent's market sales and argued they do not support subject's assessment. Also mentioned was Appellants' opinion as a builder that subject would not sell for the assessed value. In support of a lower assessment, Appellants provided information on six (6) sales which transpired from 2017 to 2019, with sale prices ranging from \$350,000 to \$449,000, or \$119 to \$198 per square foot. The sale residences were generally similar to subject in terms of square footage, utility, effective age, and lot size. However, no apparent adjustments were made for dissimilarities or time of sale, and little information was provided as to proximity to subject, quality of construction, or the condition of dwellings.

Respondent offered sales information in support of its assessment. Respondent analyzed information on three (3) residential sales which occurred during 2018. Sales were reported as being located less than five (5) miles from subject. Details concerning the physical attributes of the sale properties were somewhat limited, though Respondent reported the sale residences ranged in size from 3,552 square feet to 4,228 square feet, with effective ages ranging from 9 to 17 years. Sale prices ranged from \$388,500 to \$479,000. Respondent first adjusted the prices for time of sale. Next, each sale property was directly compared to subject, and adjustments were made for differences in property characteristics. After all appraisal adjustments, Respondent concluded adjusted prices ranging from \$527,915 to \$660,092, or roughly \$162 to \$202 per square foot. On a like basis, subject is assessed at roughly \$162 per square foot.

## CONCLUSIONS OF LAW

This Board's goal in its proceedings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered the evidence submitted by the parties in support of their respective positions, hereby enters the following conclusions.

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. There are three (3) approaches to value: the sales comparison approach, the cost approach, and the income approach. The sales comparison approach is commonly used in the valuation of a residential property. In general terms, the approach examines recent sales of similar property and considers adjustments for differences in property characteristics between the subject and the sale properties.

Both parties offered value opinions using the sales comparison approach. The Board appreciated the parties' efforts in this regard. However, not all sales provided by Appellants were timely. Appellants provided six (6) sales, one (1) occurring in 2017, three (3) in 2018, and two (2) occurring after the assessment date of January 1, 2019. No apparent time adjustments were applied to bring sale prices relevant to the assessment date; in other words, the 2017 and 2019 sales included were untimely for purposes of establishing a value estimate as of January 1, 2019.

However, the three sales occurring in 2018, along with Appellants' purchase in December 2018 for \$350,000, were factored into the Board's consideration of subject's most probable selling price. It is unclear the proximity of sales to subject; however, the three (3) timely 2018 sales were of similar square footage, utility, effective age, and lot size, and sale prices ranged from \$352,000 to \$364,250. Subject's 2018 purchase price of \$350,000 appears to fall in line with these similar properties.

Respondent used mass appraisal techniques, providing information on three (3) sales in support of its assessment. Of concern to the Board were the totality of the adjustments, which suggested a material degree of dissimilarity between subject and the sales. Sale Nos. 1 and 3 are markedly larger than subject's square footage of 3,267, Sale No. 3 having nearly 1,000 more square feet. All three (3) sales are notably greater in effective age than subject at 9, 13, and 17 years, which necessitated rather large adjustments. Sale Nos. 1 and 2 are of a lesser quality, again requiring rather large adjustments.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with the Appellants to establish subject's valuation is erroneous by a preponderance of the evidence. Given the subject's recent arm's-length sale, as well as other evidence presented in this matter, the Board finds the burden of proof satisfied. Appellants' value conclusion was found to be well supported and to present a more thorough analysis of subject's market value. Appellants provided sales which appeared to be more comparable in size, age, and utility, and better represent subject's most probable selling price. As such, the Board will reduce subject's assessed market value to \$380,000. Based on the above, the decision of the Bannock County Board of Equalization is reversed.

## 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 decrease in assessed value to \$380,000, with \$68,310 attributable to the land, and \$311,690 to the improvements.

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 1<sup>st</sup> day of April, 2020.