

BEFORE THE IDAHO BOARD OF TAX APPEALS

JOSEPH AND AMANDA TUINSTRA,	)	
	)	
Appellants,	)	APPEAL NO. 20-A-1014
	)	
v.	)	FINAL DECISION
	)	AND ORDER
BONNER COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Bonner County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP56N02W202440A. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing November 18, 2020, before Hearing Officer Travis VanLith. Appellants Joseph and Amanda Tuinstra were self-represented. Assessor Donna Gow 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 rural residential property.**

**The decision of the Bonner County Board of Equalization is modified.**

FINDINGS OF FACT

The assessed land value is \$82,878, and the improvements' value is \$366,474, totaling \$449,352. Appellants contend the correct total value is \$323,818.

The subject property is a five (5) acre rural residential parcel located outside Sagle, Idaho. The property is improved with a 1,820 square foot three (3) bedroom, two (2) bathroom residence constructed in 2008. The property is further improved with a 3,000 square foot steel-framed pole building with a 600 square foot auxiliary dwelling unit (ADU) constructed in 2018.

The ADU is a studio space with a bathroom, but no bedrooms.

Appellants were primarily concerned with the assessed values of the improvements and the property characteristics reflected in Respondent's records. While the pole building has well, septic, and electricity, Appellants explained the interior is unfinished. Appellants testified there is no drywall in the structure, leaving the plumbing and electrical wiring exposed. Photographs depicting the unfinished interior were provided. It was further noted the floors in the main residence are unfinished, and the siding is roughly 50% complete. In Appellants' view, subject's current assessed value does not reflect the state of finish of the main residence and the pole building.

Respondent was unaware of Appellants' concerns with the completion percentage of subject's improvements until this appeal, so the house and pole building were assessed as 100% complete. Respondent explained the nearly \$200,000 increase in subject's assessed value for the current assessment year was the result of adding the pole building to the assessment, as well as an upward 30% market trend adjustment added to all land values in the area. According to Respondent, sales activity over the prior year necessitated the increase in land values in the neighborhood for 2020.

In terms of more specific support for subject's assessed value, Respondent offered nine (9) sales: three (3) sales each in support of subject's land value, the value of the main residence, and the value of the pole building with the ADU. Of the three (3) sales from the Sagle area offered in support of subject's land value, one (1) was vacant and two (2) were improved at the time of sale. Sale No. 1 was a 7.36 acre parcel which sold in February 2019 for \$155,000. After adjusting for the larger size compared to the subject parcel, Respondent

concluded an adjusted sale price of \$137,842. Sale No. 2 concerned a 3.24 acre improved parcel which sold for \$220,000 in July 2019, and Sale No. 3 was a 5.27 acre improved parcel which sold in September 2019 for \$155,000. After removing values attributable to the improvements associated with these two (2) sales and making adjustments for size differences, Respondent reported adjusted prices for the land of \$87,691 and \$107,145, respectively. Subject's current assessed land value is \$56,878.

Respondent's next set of sales were offered in support of the valuation of subject's main residence. The sale residences shared the same "Fair+" construction quality rating as the subject residence, as well as the same "Average" condition rating. Sale No. 1 was a 1,824 square foot residence constructed in 2008, with an August 2019 sale price of \$289,000. Sale No. 2 concerned a 1,696 square foot residence constructed in 2006, which sold in March 2019 for \$320,000. Lastly, Sale No. 3 involved a 2,168 square foot residence constructed in 2005 which sold for \$370,000 in August 2019. After removing land values and applying adjustments for location, age, and finished living area, Respondent concluded adjusted prices of \$228,738, \$222,585, and \$256,250, respectively.

Respondent's final three (3) sales were offered to support the assessed value of subject's pole building. All three (3) sales involved pole buildings with living space constructed in the last several years. Sale No. 1 concerned a 1,536 square foot pole building with 896 square feet of living area which sold in July 2019 for \$154,500. Sale No. 2 was a 1,664 square foot pole building with an attached carport and 1,160 square feet of finished living area which sold in August 2019 for \$360,000. Sale No. 3 concerned a 3,992 square foot pole building with 1,992 square feet of living space and an April 2019 sale price of \$375,000. After removing land

values and applying adjustments for location, quality, finished living area, and garage size, Respondent reported adjusted sale prices for the pole structures ranging from \$180,657 to \$232,994. Subject's pole building is assessed at \$174,021, which Respondent maintained was reasonable compared to the adjusted sale prices.

### 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, 2020, in this case. Market value is always estimated as of a precise point in time. 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 determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). 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 differences in the property characteristics between subject and the sale properties.

Appellants did not offer recent sales data in support of reducing subject's assessed value. Instead, Appellants contested subjects' improvements being assessed as if 100% complete despite the subflooring in the residence, only roughly 50% of the exterior siding being installed, and the interior of the pole building being completely unfinished. Respondent was unaware of the level of finish prior to this appeal; however, now that the facts have come to light, some adjustments are warranted for the lack of finish.

Respondent offered information concerning several sales in support of subject's land and improvement values, which efforts were appreciated by the Board. Though there were some concerns regarding the comparability of some of the sales, the fundamental flaw in Respondent's analyses was the failure to account for the level of finish of subject's residence and pole building. Controlling Idaho law requires all non-exempt property to be assessed at market value as it exists on the relevant assessment date. In this case, subject's improvements were unfinished as of January 1, 2020, and should be assessed accordingly.

The Board questioned the value attributed to the 600 square foot ADU situated in subject's pole building. The pole building is currently assessed at \$174,021. Respondent assigned a value of \$50,860 to the shop portion of the building, meaning roughly \$125,000 was attributed to the small living area, which equates to an assessment rate of approximately \$208 per square foot for the ADU space. None of the sales presented by Respondent approached the \$200 per square foot mark. The highest sale price was roughly \$157 per square foot. In short, the Board did not find support for the value attributed to the 600 square foot living space in the pole building.

Idaho Code § 63-511 places the burden on the Appellants to establish subject's

valuation is erroneous by a preponderance of the evidence. Given the record in this case, the Board found the burden of proof satisfied, though did not find sufficient support for the value petitioned by Appellants. Giving consideration for the current state of finish of the improvements, the Board will reduce subject's total assessed value to \$395,000. The decision of the Bonner County Board of Equalization is modified accordingly.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bonner County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in total assessed value to \$395,000, with \$82,878 attributable to the land, \$172,900 to the main residence, and \$139,222 to the pole building.

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 18<sup>th</sup> day of March, 2021.