

BEFORE THE IDAHO BOARD OF TAX APPEALS

BRUCE MILLS,	)	
	)	
Appellant,	)	APPEAL NO. 21-A-1022
	)	
v.	)	FINAL DECISION AND ORDER
	)	
FREMONT COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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**RESIDENTIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Fremont County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP000630000140. The appeal concerns the 2021 tax year.

This matter came on for telephonic hearing December 9, 2021, before Hearing Officer Travis VanLith. Appellant Bruce Mills was self-represented. Fremont County Assessor Barbara Hirschi 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 a rural residential property.**

**The decision of the Fremont County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$163,995, and the improvements' value is \$22,052, totaling \$186,007. Appellant agrees with the value of the improvements, but contends the correct land value is \$70,000, totaling \$92,052.

The subject property is a 2.83 acre rural residential parcel located several miles northeast of St. Anthony, Idaho. The property is situated at the end of a cul-de-sac along

the banks of the Snake River. The property is improved with a detached garage and a small outbuilding.

Appellant disputed the characterization by Respondent that the subject property is a water-influenced lot. The subject parcel is located along a narrow channel of the Snake River, separated from the main body of the river by a densely treed island, which eliminates any view of the water. Appellant further pointed out there is no access to the water, because the northwestern section of the subject lot is a swampy area covered mostly by cattails and scattered trees. It was explained the swampy area is the result of seepage from the Fremont-Madison irrigation canal running along the eastern edge of the property. The area consumed by the swamp sits approximately fifty (50) feet below the cul-de-sac at the top of the property. Appellant estimated the swampy area at roughly .92 acres and testified chest waders would be necessary to traverse the swamp to access the river. Last year, Appellant attempted to remedy the situation by bringing in dirt to fill the swamp; however, the tractor Appellant rented for the job immediately sunk axle-deep into the mud, which required hiring another piece of equipment to remove the tractor from the swamp. Appellant quickly abandoned the remediation effort. So, while subject's line ends at the shoreline of the river, Appellant contended it should not be considered a water-influenced property, because there is neither a view of the river nor access to the water.

In an effort to demonstrate subject's land value is overstated, Appellant provided the assessment record for Lot 9 from subject's subdivision located a few parcels to the west of subject, as well as photographs of that property's waterfront. Not only is the property situated along the main channel of the river, it also enjoys panoramic views and

easy access to the water. This unimproved 1.4 acre riverfront parcel was assessed at \$122,200 for the 2021 assessment year. Given the lack of river view and access, Appellant questioned why subject's land value was roughly \$40,000 higher than the assessment of Lot 9.

Due to subject's limitations, Appellant argued the assessed valuation should more closely approximate that of Lot 15, an adjacent non-waterfront property to the south of subject. The assessed land value of this 2.07 acre parcel improved with a residence and detached garage was \$53,890 for 2021. In Appellant's view, the characteristics of Lot 15 better resembled subject than the other riverfront properties in the subdivision, and therefore the respective land assessments should be similar.

Respondent disagreed subject's assessed land value should align with the valuation of Lot 15, because it is an interior lot. Respondent pointed out nearby property owners were able to develop access to the river and suggested similar access could be developed on the subject parcel. In short, Respondent maintained because the subject property ends at the edge of the river, it was a riverfront property and should therefore be assessed as such. Appellant stressed the neighboring parcels referenced by Respondent did not suffer from swamping issues, because they are located far enough away from the canal, so developing access was easier.

Respondent provided some details concerning its land valuation model for subject's riverfront neighborhood. It was explained a premium is placed on the first acre of a parcel, also known as the homesite acre, with the remaining land valued at a lesser rate. For the subject lot, the one (1) acre homesite was valued at a base rate of \$90,000. The same \$90,000 base rate was applied to the remaining 1.83 acres; however, a

downward 17% adjustment was applied for subject's larger size. Lastly, a 25% negative adjustment was applied to both values to account for the obstructed access caused by the swamp, resulting in a value of \$67,500 for the one (1) acre homesite and \$95,526 for the remaining 1.83 acres.

Respondent additionally provided information concerning six (6) vacant lot sales. The first three (3) sale properties were located in an adjacent subdivision to the south of subject's development. Sale No. 1 concerned a 1.17 acre riverfront lot with a July 2019 sale price of \$100,000. Sale Nos. 2 and 3 were adjacent 1.1 acre parcels on the river, each of which sold for \$115,000 in July 2020. Sale No. 4 was the 1.4 acre Lot 9 located in subject's subdivision earlier referenced by Appellant. This parcel sold in August 2020 for \$154,000. The final two (2) sale properties were not located in subject's neighborhood, but they did suffer from some unique irregularities. Sale No. 4 was a .88 acre non-waterfront, land-locked parcel with no legal access which sold for \$3,520 in April 2015. Lastly, Sale No. 5 concerned a 24.48 acre former gravel pit property with little available area to support a residence. This property sold in November 2029 for \$156,000. Based on the sales information, particularly the four (4) riverfront sales, Respondent maintained the assessed valuation of \$163,955 for subject's 2.83 acres was reasonable.

#### 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, 2021, 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 three (3) primary approaches for determining value include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada County*, 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.

Neither party developed a traditional sales comparison approach analysis, though Respondent did provide some vacant lot sales for the Board’s consideration. Appellant, on the other hand, focused on a comparison between subject’s assessed land value and land values of two (2) properties in subject’s immediate neighborhood. Specifically, Appellant provided assessment data for Lot 9, a riverfront lot situated a few parcels southwest of subject, and Lot 15, the adjacent non-riverfront lot south of subject. Using photographs, Appellant contrasted the unobstructed panoramic views and easy water access of Lot 9 with the subject lot, which has no views of the river nor access to the water. The 2021 assessed land value of Lot 9 was \$122,220. Appellant characterized Lot 9 as a true riverfront property deserving of a high assessment, whereas subject was more

akin to a non-waterfront property like Lot 15. Due to subject's obstructed access to the river, Appellant argued subject's assessed land value should more closely approximate the 2021 valuation of \$53,890 for Lot 15 which has no river access.

While the Board appreciates Appellant's concerns with respect to subject's assessed land value compared to other nearby land valuations, a comparison of assessed values is not a recognized appraisal approach and therefore is not considered strong evidence of current market value. Even if such were not the case, the Board disagrees subject should be assessed as a non-waterfront parcel. As the plat map clearly depicts, the river runs along the northwestern edge of the subject property. This is the very definition of a waterfront parcel, and to classify it as a non-waterfront lot would be erroneous in the Board's view.

Though subject is a waterfront property, the Board recognizes it is uniquely impacted by the swampy marsh preventing access to the river and the densely treed island across the narrow channel of the river obstructing any view of the water. Two (2) of the most important characteristics of a waterfront property are typically access and view. Subject lacks both access and view, which naturally makes it less desirable in the local waterfront neighborhood. Respondent acknowledged subject's challenges through a 25% downward adjustment to the valuation. This is a notable reduction in the Board's experience, and absent any market data to suggest a different adjustment, the Board was unable to find support for a more aggressive adjustment or an alternative valuation.

Subject's current assessed land value was further supported by the vacant waterfront lot sales provided by Respondent. The sale lots ranged in size from 1.1 to 1.4 acres and in sale price from \$100,000 to \$154,000, or from roughly \$85,000 to \$110,000

per acre. It should be noted the \$85,000 per acre sale price was from mid-2019, whereas the three (3) other price rates of \$104,000, \$105,000, and \$110,000 per acre were from 2020. The sale of Lot 9 from subject's subdivision was the highest priced sale at \$154,000, or \$110,000 per acre, which suggests subject's neighborhood is desirable in the marketplace. Subject's assessed land value, by contrast, is \$163,955, or nearly \$58,000 per acre. In other words, subject's land assessment rate is roughly one-half ( $\frac{1}{2}$ ) the sale price of Lot 9, which is logical given Lot 9's waterfront is far superior to subject's frontage. On a whole dollar basis, subject's land assessment may appear somewhat high, but that is because subject is two (2) to three (3) times larger than the respective sale lots. Even if the .92 acres consumed by the swamp were removed, subject would still represent the largest lot in the data set. Subject's excess acreage undoubtedly adds to the overall market value of the property, though it contributes such additional value at a lesser rate per acre as reflected in Respondent's valuation analysis. On the whole, it is not surprising subject's overall assessed land value is higher than the respective prices of the notably smaller sale lots.

Idaho Code § 63-511 places the burden on Appellant to demonstrate error in subject's valuation by a preponderance of the evidence. Given the record in this matter, the Board did not find the burden of proof satisfied. Appellant relied on assessment data concerning two (2) properties from subject's immediate neighborhood, but as previously noted, assessed values are not considered good evidence of market value. Respondent provided several recent riverfront sales, all of which sold at a notably higher price rate than the assessment rate of subject's 2.83 acres. This demonstrated Respondent's thoughtful consideration of subject's swamp issue. In all, the Board did not find support

for any adjustments to subject's assessment on top of those already applied by Respondent.

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

#### FINAL ORDER

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

DATED this 22<sup>nd</sup> day of March, 2022.

#### NOTICE OF APPEAL PRIVILEGES

Enclosed is a Final Decision and Order of the Idaho State Board of Tax Appeals concerning an appeal.

Motion for reconsideration of the hearing record or motion for rehearing the appeal (with good cause detailed) may be made by filing such motion with the Clerk of the Board