

BEFORE THE IDAHO BOARD OF TAX APPEALS

JSBC DEVELOPMENT COMPANY, INC., )  
 )  
Appellant, ) APPEAL NO. 25-A-1012  
 )  
v. ) FINAL DECISION AND ORDER  
 )  
KOOTENAI COUNTY, )  
 )  
Respondent. )  
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**COMMERCIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Kootenai County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. C00000241745. The appeal concerns the 2025 tax year.

This matter came on for hearing October 7, 2025, in Post Falls, Idaho, before Board Member Kenneth Nuhn. President Anne Anderson appeared at hearing for Appellant. Kootenai County Chief Deputy Assessor Dyson Savage represented Respondent.

Board Members Leland Heinrich, Kenneth Nuhn, and Doug Wallis join in issuing this decision.

**The issue on appeal concerns the market value of an improved commercial property.**

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

FINDINGS OF FACT

The assessed land value is \$2,787,173, and the improvements' value is \$983,659, totaling \$3,770,832. Appellant contends the correct land value is \$1,205,000, and the improvements' value is \$983,659, totaling \$2,188,659.

The subject property is a .127 acre commercial parcel located in Coeur d'Alene, Idaho with 166 feet of waterfront along the northern shores of Lake Coeur d'Alene. The property operates as a marina and has 105 boat slips spread across several docks.

Appellant began with a brief history of the subject property, starting with Appellant's purchase in 2000. Appellant explained subject is part of an adjacent parent parcel that is assessed separately. The combined acreage is .837 acres. Appellant further shared the prior owner of the subject property created a lease granting access to the docks to the 11<sup>th</sup> St. Marina Dock Owners Association, so subject's ownership is held in leased fee. Appellant further stressed subject is in a FEMA Flood Zone, so is non-buildable. Appellant contended subject's land value of \$1,205,000, which represents a 195% increase over the prior year's valuation, is excessive and not representative of the property's current value in the marketplace.

Appellant noted marina properties rarely sell, as they are often kept in the family and passed to future generations. Therefore, Appellant looked to the assessments of thirteen (13) other marina properties near Coeur d'Alene. Details concerning the marinas were limited, but lot sizes varied from .26 to 6.17 acres, and assessed land values ranged from \$95,731 to \$1,517,190. Appellant pointed out subject's land value far exceeds any of the referenced marina properties despite being the smallest parcel in the data set. In Appellant's view, subject's land value should not exceed the highest land value of the group.

In an alternative approach, Appellant considered the subject parcel together with the adjacent parent parcel, which was assessed at \$2,652,641. The combined assessed values of subject and the parent parcel is \$6,423,473. In support of a lower combined

valuation, Appellant provided an independent appraisal of the properties, though the boat slips were excluded from consideration. The appraisal analyzed five (5) commercial sales and one (1) active listing from the general area. The properties sold from August 2023 through March 2025, with prices ranging from \$1,890,000 to \$3,000,000, or from approximately \$209 to \$353 per square foot. Time adjustments were applied to the respective sale prices, as well as adjustments for location, size, age and condition, and others. The result was adjusted price rates from roughly \$206 to \$259 per square foot. The appraisal concluded a value rate of \$240 per square foot, or \$2,770,000, for the combined properties in its sales comparison approach.

Though specifics were not shared, the appraisal also considered the income approach. The appraisal noted subjects' actual rents are discount rates, so a market rental rate was used instead. The concluded income approach value was \$2,365,000. In reconciling the two (2) value indications, the appraisal relied primarily on the income approach because properties like subject are typically purchased by investors interested in the income potential of the property. Therefore, the appraisal concluded a value of \$2,365,000 as of May 27, 2025.

Based on the appraisal, Appellant contended the combined value of subject and the adjacent parent parcel should be \$4,841,000. Appellant clarified the combined value figure reflected a .837 acre parcel, 12,530 square feet of buildings, and 105 boat slips.

Respondent maintained subject's land value was reasonable and offered a comparative sales analysis in support. Due to the lack of recent marina sales, Respondent instead focused on subject's waterfront location and utilized sales of residential properties within five (5) miles. Ten (10) such sales were identified, nine (9) of

which were improved at the time of sale. The sale properties varied in size from .16 to .60 acres and in shoreline frontage from 50 to 180 feet. The properties sold between June 2022 and December 2024 at prices ranging from \$3,200,000 to \$6,150,000. In an effort to isolate land values, Respondent extracted the assessed values of the improvements associated with each property from the respective sale prices, which yielded land value indications from \$1,496,194 to \$5,350,000. Respondent then made adjustments for date of sale, land shape, lot size, and frontage length, resulting in adjusted residual land values ranging from \$1,995,874 to \$5,029,000, with an average of \$2,815,775. In Respondent's opinion, subject's land value of \$2,787,173 was appropriate given the adjusted price data.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of market value in fee simple interest or, as applicable, a property's exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence submitted by the parties, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2025, in this case. Market value is always estimated as of a precise point in time. Idaho Code § 63-201 provides the following definition,

“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. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Appellant offered two (2) methodologies in support of a lower valuation for subject's land. The first was a comparison of subject's assessed land value to land values of thirteen (13) other marina properties. Appellant was concerned that despite being the smallest parcel in terms of acreage, subject's land value far exceeded any other land value in the group. Appellant's focus on assessed values was understandable given the lack of marina sales, but a comparison of assessed values is not a recognized appraisal approach and generally not regarded as the best evidence of current market value.

It should also be noted waterfront properties in subject's area are typically valued on a per-front-foot basis, not per acre. So, while subject is the smallest in terms of acreage, due to its irregular shape, the property enjoys 166 feet of waterfront, which is atypically high for the area. Frontage measurements for the other marina properties were not shared, so it was not apparent how subject's waterfront compared to the properties referenced by Appellant. However, subject's shoreline length notably exceeded the frontages of all Respondent's sale properties, with the exception of Sale No. 2, which had 180 front feet. Given subject's frontage length, a value near the higher end of the range is not unexpected.

Appellant's second valuation methodology considered subject in conjunction with the adjacent parent parcel. In this regard, Appellant offered an appraisal of the combined properties prepared by a local appraisal firm. While the appraisal evaluated the properties as a single integrated commercial property, the effective date of valuation was May 27, 2025, and therefore the appraisal is untimely for purposes of establishing subject's market

value on the January 1, 2025, assessment date. Estimating a property's market value as of a particular date is necessarily dependent on sales and market data available at that time because information after the date of valuation is unknown to market participants. Even if timeliness was not an issue, the appraisal considered subject and the parent parcel a single economic unit with no allocation of value between the two (2), whereas the issue here is strictly the assessed value of the subject property. For these reasons, the Board did not place any emphasis on the value concluded by Appellant's appraisal report.

Turning to Respondent's valuation analysis, there too were some concerns from the Board's perspective. Though Respondent's efforts to develop a comparative sales analysis were appreciated, the model was fundamentally flawed because it relied solely on residential sales, which is an entirely different property type and use. Respondent regarded subject's location as the most relevant factor for determining the land value, and because there were no commercial sales in the area, Respondent argued it was reasonable to use residential sales to value subject's commercial land. The Board disagrees.

While location is certainly a key consideration in any real property valuation, the analysis begins first with identifying the characteristics of property being valued, particularly property type. Indeed, fundamental to assessment in Idaho is the proper classification and categorization of all real property in the county, and the assessor's duty is to maintain uniformity and equity within each category. Furthermore, Idaho Code § 63-208(1) mandates, "... that the actual and functional use shall be a major consideration when determining market value for assessment purposes." Here, the subject property

is, and has long been, used as a commercial property, so it logically follows that it should be assessed as a commercial property.

The Board understands the task of accurately valuing the subject property was made more difficult by the lack of commercial sales in the immediate neighborhood, but the proper appraisal technique is to expand the geographic scope in search of sales of similar type property, not to substitute sales of an entirely different property type. The subject property is a commercial property, so it competes for a completely different pool of potential buyers in the marketplace than a residential property. Stated simply, it is inappropriate to use residential sales to estimate the market value of a commercial property.

Another concern with Respondent's analysis was the absence of any consideration for subject being situated in a FEMA-designated flood zone, which undoubtedly restricts the utility of the property. It was unclear whether Respondent was aware of the flood zone issue at the time subject's assessed value was initially determined, but Respondent was informed at some point by the County Building Department that while the subject parcel was not considered "unbuildable" in strict terms, work would be needed before the property could be developed. At the very least, the subject property is burdened by development difficulties not faced by typical properties in the area, which puts it at a disadvantage in the market. Indeed, nine (9) of Respondent's ten (10) sale properties were improved at the time of sale, meaning they do not face the same development challenges as subject. In the Board's view, Respondent's failure to recognize this negative characteristic was an error in the analysis.

While neither party had any marina sales to offer, Appellant's appraisal report did include information on three (3) timely commercial sales. Though the sale properties were improved with multi-level office buildings ranging from roughly 7,400 to 11,700 square feet in size whereas subject has no buildings, they represent the only timely commercial sales in the record, so should be considered. Sale prices varied from \$2,500,000 to \$3,000,000, with an average of roughly \$2,800,000. Without additional commercial sale data indicating otherwise, it is difficult to conclude subject's total assessed value should exceed the range of value indicated by the sales, particularly where the sale properties are developed to a significantly higher degree than subject. Though the parties' focus was on subject's land value, the relevant inquiry is whether subject's total assessed value is at market, not necessarily the allocation of that value between land and improvements. Subject's total assessed value of \$3,770,832 is markedly higher than the sales, which strongly indicates, in the Board's view, that subject's valuation is overstated.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The Board found the burden of proof satisfied but did not find sufficient support for the value petitioned by Appellant. Based on the limited commercial market data in the record, the Board finds a total value of \$2,800,000 for the subject property to be reasonable under the circumstances.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in total assessed value to \$2,800,000, with \$983,659 attributable to the improvements and \$1,816,341 to the land.

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 Appellant.

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 5<sup>th</sup> day of January, 2026.