



foot residence with an attached garage constructed in 1989. The property is further improved with paving, boat docks, and lifts.

Appellants disagreed with subject's roughly \$1,300,000 current assessed value, as it exceeded the December 27, 2024, purchase price of \$950,000. Appellants explained the subject property was listed on the open market through a realtor with an asking price of \$950,000. Though Appellants saw future potential in the property, it was pointed out the residence suffered notable condition issues at the time of purchase. These issues included water damage to the paint, floor, and kitchen cabinets from a leaky roof; extensive mold in the attic; and localized fire damage caused by water infiltrating the electrical panel, among others. In Appellants' view, subject's recent purchase was an arm's-length transaction and represented the best evidence of the property's market value on the January 1, 2025, assessment date, so petitioned subject's assessed value be reduced accordingly.

Respondent had knowledge of subject's purchase, but explained the transaction was erroneously reported in the assessor's office as having transpired on January 2, 2025, and was therefore not considered in subject's current assessment. Respondent also explained it was unaware of the substantial condition issues of the residence until a couple weeks before the hearing in this matter when Appellants provided the inspection report confirming the mold and water damage, as well as other minor issues. After reviewing the new information, Respondent determined it would be appropriate to reduce the condition of subject's residence from "average" to "poor," resulting in a decrease in

the value of the residence from \$339,759<sup>1</sup> to \$88,857, and in total assessed value from \$1,301,614 to \$1,050,712.

Respondent also offered an analysis of two (2) waterfront properties. Sale No. 1 concerned a parcel with 101 waterfront feet improved with a 2,678 square foot residence constructed in 2018 which sold for \$2,100,000 in August 2024. Sale No. 2 was the December 2023 purchase of a 3,200 square foot residence constructed in 1998 on a parcel with 108 front feet for \$1,600,000. Each sale property was compared to subject, with adjustments made for differences in square footage, age, condition, and outbuildings. The result was adjusted sale prices of \$1,519,312 for Sale No. 1 and \$1,295,713 for Sale No. 2.

#### 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.

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<sup>1</sup> It was unclear where the \$339,759 figure came from because the assessment notice reflects a value of \$345,609 for the residence.

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 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 the differences in property characteristics between subject and the sale properties.

In this case, the parties agreed subject's assessed value should be reduced but disagreed on how much. Appellants argued subject's value should match the December 2024 purchase price of \$950,000, whereas Respondent contended a value of \$1,050,712 was appropriate. While the Board agrees the recent purchase of a property is a strong indicator of that property's market value, sound appraisal practice requires consideration of the broader marketplace to determine market value. As the Idaho Supreme Court has repeatedly observed,

In any single individual transaction there are many variables which are dependent upon the peculiar aspects of the transfer and which affect the price agreed upon by the parties. Market value, therefore, is generally established by numerous sales of the same or comparable property and, although the price paid for property may be admissible to prove its market value, that fact alone is not conclusive.

*Gillingham v. Stadler*, 93 Idaho 874, 878, 477 P.2d 497, 504 (1970); See also *Janss Corp. v. Bd. of Equalization of Blaine Cnty.*, 93 Idaho 928, 931, 478 P.2d 878, 881 (1970).

While the Board does not doubt subject's purchase was an arm's-length transaction, few details concerning the purchase were shared, particularly the listing history leading up to the sale and whether there were any price reductions or other concessions. Nor was an appraisal of the property offered. In short, the Board was

hesitant to rely solely on subject's purchase price in the absence of any additional waterfront sales near the same price point.

Though a comparative sales analysis was developed, Respondent instead relied on the cost approach to value subject's improvements. After learning of subject's significant condition issues at the time of sale, Respondent adjusted its cost model to reflect the "poor" condition of the residence, resulting in a decrease in the value of the residence from roughly \$340,000 to \$88,857. Though details concerning Respondent's cost approach were not shared, reducing the condition of the residence to the lowest rating was appropriate in this instance, and the resulting value conclusion of \$1,050,712 is reasonable in the Board's view, particularly where the only two (2) waterfront sales in Respondent's analysis had considerably higher adjusted sale prices.

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 Appellants. Instead, the Board found Respondent's adjusted value the best evidence of subject's market value in this instance. 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 \$1,050,712.

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 that under certain circumstances the above-ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 8<sup>th</sup> day of December, 2025.