

BEFORE THE IDAHO BOARD OF TAX APPEALS

DALE AND JO ANNE BAUNE,	)	
	)	
Appellants,	)	APPEAL NOS. 23-A-1020 and
	)	23-A-1265
v.	)	
	)	FINAL DECISION AND ORDER
BONNER COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

RESIDENTIAL PROPERTY APPEALS

These appeals are taken from decisions of the Bonner County Board of Equalization denying appeals of the valuation for taxing purposes on properties described by Parcel Nos. RP0030100103A0 and RP56N01W224630. The appeals concern the 2023 tax year.

These matters came on for hearing October 4, 2023, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. Appellant Dale Baune was self-represented. Bonner County Assessor Dennis Engelhardt represented Respondent.

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

The issues on appeal concern the market values of two (2) residential properties.

The decisions of the Bonner County Board of Equalization are affirmed.

FINDINGS OF FACT

Parcel No. RP0030100103A0 (Appeal 23-A-1020)

The assessed land value is \$203,220, and the improvements' value is \$375,944, totaling \$579,164. Appellants do not dispute the improvements' value but contend the correct land value is \$80,000, totaling \$455,944. For the purpose of this decision, this property will be referred to as Property A.

Parcel No. RP56N01W224630 (Appeal 23-A-1265)

The assessed land value of this vacant parcel is \$175,012. Appellants contend the correct value is between \$12,600 and \$25,000. For the purpose of this decision, this property will be referred to as Property B.

The subject properties are located near each other in Sagle, Idaho. Property A is a .10 acre parcel improved with a residence near Lake Pend Oreille with a view of the lake. The property has a land rating of “good.” Property B is a .15 acre parcel with 63 waterfront feet on Lake Pend Oreille; however, most of this parcel is under the water at the lake’s high water mark.

Appellants’ concern with the assessed land value of Property A was all parcels in the area one (1) acre or smaller are assessed at the same value. Where subject is only .10 acres and has a land assessment of \$203,220, Appellants calculated the subject property is assessed at roughly \$2,032,000 per acre. Appellants questioned such a high assessment rate for a parcel which is too small for a garage or garden and only has minimal parking space left after the construction of a residence. It was argued smaller lots sell for less than larger lots, so it did not make sense for subject to be assessed the same value as a one (1) acre lot. Despite having a lake view, Appellants noted a neighbor violated setback requirements and has a residence which blocks part of subject’s view on one (1) side. Overall, Appellants argued Property A is not assessed at the value it would sell for in the market.

Respondent testified every parcel in Bonner County one (1) acre and under with improvements is assessed at the market value of a one (1) acre parcel with improvements. Therefore, it was explained, the neighboring smaller properties have the

same land valuation as subject. Respondent also shared the median sale price in subjects' neighborhood was \$579,164 for 2022.

Respondent provided information on three (3) sales to support Property A's land assessment. Sale No. 1, located 2.5 miles from subject, was a 1.10 acre parcel which sold in July 2022 for \$465,000. Respondent removed all improvement values from the sale price and adjusted for lot size, resulting in an adjusted land price of \$165,647. Net adjustments totaled 6%. Sale No. 2 was 4.8 miles from subject and was a 3.73 acre property which sold in September 2022 for \$950,000. After removing all improvement values and adjusting for lot size, the adjusted land price was \$154,823, which reflected net adjustments of 52%. Sale No. 3 was 2.4 miles from subject and concerned a .77 acre vacant property which sold in March 2022 for \$125,000. Respondent did not adjust the price for size, though did adjust for the inferior land grade of the sale property. The adjusted land price was \$145,580, after net adjustments of 16%. In comparison, Property A is a .10 acre parcel with an assessed land value of \$164,220, not including the \$39,000 site improvements' valuation.

Appellants next discussed concerns with Property B. According to Appellants, the property is 93% underwater. This parcel was described as "just waterfront" with no land. The property is triangular in shape, and the shore has a steep bank ten (10) or so feet down to the high-water line. Appellants opined it was currently impossible to build anything on the shore or in the water; so in Appellants' view, the parcel only has value if a dock permit can be obtained. As only 7% of the property is not underwater, Appellants calculated 7% of the current land assessment, arguing subject should be assessed at \$12,250, or no more than \$25,000.

Respondent shared Property B has a site rating of average and is very unique in shape and location. Because of its distinctive qualities, Respondent felt a traditional sales comparison analysis would be impossible to conduct. Respondent testified the parcel's assessment receives a 50% downward adjustment due to its location and shape, which was noted to be standard practice with parcels of this nature. Additionally, the "billable" waterfront feet amount was reduced from 63 waterfront feet to 39 due to the shape.

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, 2023, 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. 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 differences in the property characteristics between subject and the sale properties.

Appellants did not perform a traditional valuation analysis. Instead, Appellants focused on describing detriments to the subject properties which were believed to not be considered in the assessments. Appellants' main concern regarding Property A was that it was assessed at the same value as a one (1) acre parcel despite being a fraction of the size. Appellants contended a smaller parcel sells for less than a larger parcel within the same neighborhood. However, where Appellants offered no sales data into the record, the Board was unable to substantiate the claim. Although the Board had some concerns about the comparability of the properties utilized in Respondent's sales analysis, they comprised the only sales data in the record and generally supported Property A's valuation.

Neither party provided a traditional value approach model concerning Property B, though it was noted the unique nature of the property would make such an analysis somewhat impossible. Appellants claimed Property B is only 7% above water, so argued the assessed value should be reduced accordingly. This approach, however, assumes Respondent valued the subject parcel as any other above-water parcel in the county. Respondent testified such was not true, sharing subject received a 50% downward adjustment as well as a reduction in "billable" waterfront feet from 63 to 39. Where it is evident to the Board that Respondent has taken steps to account for subject's specific property characteristics, the Board found inadequate support for a modification to Property B's assessment.

In accordance with Idaho Code § 63-511, the burden is with Appellants to establish subjects' valuations are erroneous by a preponderance of the evidence. The burden of proof was not met in this instance. Appellants offered no market evidence in support of

claims Property A is not assessed at market value. Additionally, it is evident in the record Respondent has sufficiently considered Property B's constraints in the adjustments applied. The Board will uphold the decisions of the Bonner County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Bonner County Board of Equalization concerning the subject parcels be, and the same hereby are, AFFIRMED.

DATED this 12th day of December, 2023.