

BEFORE THE IDAHO BOARD OF TAX APPEALS

INLAND AVIATION SPECIALTIES, LLC,	)	
	)	
Appellant,	)	APPEAL NO. 25-A-1100
	)	
v.	)	FINAL DECISION AND ORDER
	)	
BONNER COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

COMMERCIAL 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. RPS37320000140. The appeal concerns the 2025 tax year.

This matter came on for hearing October 1, 2025, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. General Manager Chuck Luetzgerodt appeared at hearing for Appellant. Bonner County Assessor Dennis Engelhardt 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 Bonner County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$220,893, and the improvements' value is \$465,143, totaling \$686,036. Appellant contends the correct land value is \$115,689, and the improvements' value is \$438,102, totaling \$553,791.

The subject property is a .46 acre parcel located at the airport in Sandpoint, Idaho. The property is improved with a 4,200 square foot hangar constructed in 2004, as well as approximately 5,200 square feet of paving.

Appellant's primary concern was whether subject was assessed equitably with other nearby hangar properties at the airport. In this regard, Appellant pointed to the \$1,054,927, or \$131 per square foot, total valuation of the adjacent .46 acre parcel improved with an 8,000 square foot hangar building. Appellant questioned why subject was assessed higher, at \$686,036, or \$163 per square foot. In Appellant's opinion, subject's building should be assessed at the same \$104 per square foot rate used to value the hangar building on the adjacent parcel, or \$438,102.

With respect to subject's land value, Appellant contended no consideration was given to a utility easement running along the eastern boundary line. According to the plat map, the width of the easement is thirty (30) feet, of which twenty-two (22) feet are on the subject property and the remaining eight (8) feet are on the adjacent parcel. Appellant argued the area encumbered by the easement, which Appellant estimated at 5,000¹ square feet, should be excluded from assessment. Applying a rate of \$5.91 per square feet to subject's 19,575² unencumbered square feet, Appellant calculated a value of \$115,689, and petitioned subject's land value be reduced accordingly.

Respondent explained the roughly 54% increase in subject's assessed value was the result of recent sales activity at the airport. Specifically, Respondent shared information on two (2) hangar sales located within several hundred feet of subject. Sale

¹ The 5,000 square foot figure was calculated using an easement width of 50 feet across the 100 foot length of the eastern lot line.

² It was unclear how Appellant calculated 19,575 square feet of unencumbered area because, at .461 acres, the subject lot has 20,081 total square feet.

No. 1 was a 4,320 square foot hangar constructed in 2004 situated on a .38 acre parcel, which sold in June 2024 for \$925,000. Sale No. 2, located adjacent to Sale No. 1, concerned a .38 acre parcel improved with at 5,600 square foot hangar constructed in 2000 with an April 2024 purchase price of \$877,500. Respondent pointed out both sale properties are also encumbered with easements and setback requirements, including part of the same utility easement running through the subject lot. Respondent estimated roughly 42% of each sale lot was buildable, whereas 55% of the subject lot is buildable. Because all parcels in the immediate area are subject to various development restrictions, Respondent argued no adjustments were warranted for the utility easement running across the subject lot.

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. 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).

Appellant disagreed with the increase in subject's valuation and questioned whether the property was assessed equitably with other hangar properties at the airport. Of particular concern to Appellant was the neighboring property with an overall assessment rate of roughly \$131 per square foot compared to subject's \$163 per square foot valuation. In Appellant's view, subject should be assessed at a rate similar to the adjacent property.

While Appellant's concerns are understandable, they are somewhat misguided in this instance. First, the hangar on the adjacent parcel is 8,000 square feet, which is nearly double the size of subject's 4,200 square foot hangar. Economies of scale naturally suggest the value per square foot generally decreases as the size of building increases, so it is not surprising subject's per-square-foot assessment rate is higher. A reliable per-unit comparison necessarily requires a high degree of similarity between the properties being compared. Here, without adjustments for the considerable size difference between the hangars, it is difficult to meaningfully compare the valuations. Appellant's analysis also failed to consider the fact the adjacent property is assessed at \$1,054,927, which is notably higher than subject's valuation and recognizes the higher total value contribution of the larger hangar building.

Appellant also disagreed with subject's land value. More specifically, Appellant contended the area encumbered by the utility easement running along the eastern edge

of the property should be excluded from the assessment. While the utility easement undoubtedly reduces subject's buildable area, the Board disagrees any special adjustment is necessary in this case. As noted by Respondent, all hangar parcels at the airport are encumbered with various utility and access easements, as well as setback requirements, all of which restrict the amount of buildable area to varying degrees on each parcel. Indeed, Respondent estimated roughly 55% of the subject lot is buildable, whereas only 42% of the two (2) sale properties in Respondent's analysis are buildable. It is also worth noting all lots at the airport are assessed at \$11 per square foot, which reflects the general similarity between the lots at the airport. In other words, the subject property is not uniquely impacted by the utility easement, so there is no basis for an adjustment.

Though Respondent did not develop a full sales comparison analysis, Respondent did share information regarding two (2) recent hangar sales located within a couple hundred feet of the subject property. Both sale lots were smaller than subject, at .38 acres each. Sale No. 1 was improved with a 4,320 square foot hangar constructed in 2004 and sold for \$925,000. Sale No. 2 concerned a 5,600 square foot hangar constructed in 2000 with an \$877,500 sale price.

Appellant highlighted Sale No. 2, with a price rate of roughly \$156 per square foot, and questioned why subject was assessed higher, at \$163 per square foot. As discussed earlier, the value per-square-foot generally decreases as the size of the building increases. Here, the hangar involved in Sale No. 2 was 5,600 square feet in size, whereas subject's hangar is 4,200 square feet. Another contributing factor to subject's higher valuation rate in Appellant's analysis was the inclusion of subject's land value in the

calculation. Though both lots are assessed at \$11 per square foot, the subject lot is .46 acres in size so carries a higher total value than Sale No. 2, which is a smaller .38 acre parcel. In fact, there is a roughly \$36,000 difference in the respective assessed land values. Including subject's higher land value skewed the overall per-square-foot rate upward.

It is further noteworthy that after removing land values, the residual value of the hangar in Sale No. 2 is roughly \$665,000, or \$118 per square foot. By contrast, subject's hangar building is assessed at approximately \$450,000, or \$107 per square foot. So, while subject's overall assessment rate is higher per square foot than the price rate of Sale No. 2, the opposite is true when focusing on only the hangars. This illustrates why a high degree of similarity, square footage in this case, is necessary to perform a meaningful per-unit comparison between two (2) properties. In the Board's view, a more appropriate comparison would be with the hangar associated with Sale No. 1, which at 4,320 square feet closely approximated subject's hangar in size and was also the same age. This property sold for roughly \$214 per square foot, which is considerably higher than subject's current valuation of \$163 per square foot.

While the Board understands Appellant's concerns with the notable increase in subject's assessed value, the increase was the result of two (2) hangar property sales in the immediate area. And though Appellant characterized the sales as anomalous and not indicative of values in the area, there was nothing in the record to suggest the sales were anything short of arm's-length transactions between unrelated parties. Also, with no other sales data available, the two (2) recent hangar sales provided the only indication of the current market in the area. Interestingly, the sale prices varied by only 5%, which indicates

a rather tight range of value, and again suggests a relatively high degree of similarity between hangar properties at the airport.

As the party initiating this appeal, Appellant bears the burden of establishing error in subject's assessed value by a preponderance of the evidence. Idaho Code § 63-511. Where Appellant relied primarily on comparisons of assessed values, the Board did not find the burden of proof satisfied. Respondent, on the other hand, offered recent sales information in support of subject's current valuation. Though no direct comparisons were made to the subject property, both sale properties sold for prices far exceeding subject's assessed value. As such, the Board did not find sufficient evidence to disturb subject's current assessed value.

The decision of the Bonner County Board of Equalization is affirmed.

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, AFFIRMED.

DATED this 11th day of December, 2025.