

BEFORE THE IDAHO BOARD OF TAX APPEALS

MARCIA NACCARATO,	)	
	)	
Appellant,	)	APPEAL NO. 24-A-1053
	)	
v.	)	FINAL DECISION AND ORDER
	)	
BONNER COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

RESIDENTIAL 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. RP020400000010. The appeal concerns the 2024 tax year.

This matter came on for hearing October 1, 2024, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. Appellant Marcia Naccarato 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 issue on appeal concerns the market value of an improved residential property.

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

FINDINGS OF FACT

The assessed land value is \$924,000, and the improvements' value is \$556,436, totaling \$1,480,436. Appellant contends the correct total value is \$1,088,190.

The subject property is a .63 acre parcel with 100 front feet along the southern shores of the Pend Oreille River, near Priest River, Idaho. The property is improved with

a 1,969 square foot residence constructed in 2017. Other improvements include a pole building, two (2) utility sheds, and a boat dock.

Appellant was concerned with the nearly \$370,000 increase in the subject property's assessed value over the 2023 valuation. Appellant has owned the property for decades but did not recall seeing such an increase in assessed value in a single year before now. Appellant pointed to a neighboring property with a larger residence and other significant improvements and questioned why the assessed value did not increase as much as subject's valuation. In Appellant's view, subject's current market value more closely approximates the 2023 assessed value and requested the Board reduce the valuation accordingly.

Respondent explained values in subject's neighborhood had been relatively stagnant for the last several years because there were not enough waterfront sales to support a market adjustment for the area. For the current year, Respondent expanded the geographical scope to nearby neighborhoods in search of waterfront sales, of which Respondent reported twenty-nine (29) sales took place during 2023. According to Respondent, the sales demonstrated values in subject's neighborhood were below market levels, so Respondent increased assessed values broadly. Regarding the neighboring property referenced by Appellant, Respondent shared that the assessment notice issued in May did not include the values of the newly constructed residence and another outbuilding on the property. Respondent remarked the 2025 valuation will be significantly higher after the values of the new improvements are added to the assessment.

In more direct support of subject's current valuation, Respondent offered an analysis of three (3) recent waterfront sales situated on the south side of the Pend Oreille River. Sale No. 1 concerned a 1.0 acre parcel with 126 front feet on the river improved with a 2,048 square foot residence constructed in 2021 which sold for \$1,400,000 in December 2023. Sale No. 2 was the \$1,669,000 purchase in June 2023 of a 1.0 acre lot with 111 feet of shoreline improved with a 1,554 square foot residence constructed in 1995. Lastly, Sale No. 3 was a .41 acre parcel with 63 feet of waterfront improved with a 2,056 square foot residence constructed in 1984. This property sold for \$2,000,000 in August 2023. Each sale property was compared to subject, and adjustments were made for differences in land value, construction quality, gross living area, garages, and outbuildings. The result was adjusted prices ranging from \$1,375,922 to \$1,773,973. Respondent maintained subject's current assessed value of \$1,480,436 was reasonable against 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, 2024, 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 three (3) primary approaches for determining market 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.

Appellant was concerned with the notable increase in subject's assessed value and questioned whether the current valuation is reflective of the property's market value. Appellant's concerns are certainly understandable, but nothing was offered to demonstrate subject's valuation is erroneous other than a reference to the assessed value of a nearby property which did not increase at the same rate. As explained by Respondent, the assessment of the referenced property did not include the values of two (2) improvements, including the main residence, both of which were completed during 2024. Next year's assessment will include the new improvements which, according to Respondent, will result in a higher total valuation.

Respondent offered support for subject's current assessed value in the form of a comparative sales analysis. Three (3) waterfront sales were included in the valuation model, each of which were directly compared to the subject property, with adjustments made for differences in property characteristics. Respondent contended subject's assessed value of roughly \$1,480,000 was reasonable compared to the adjusted sale

prices, which ranged from approximately \$1,375,000 to \$1,774,000. Given the lack of any additional sales or other market data to indicate otherwise, the Board agrees subject's valuation is reasonable.

Idaho Code § 63-511 places the burden on Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The Board did not find the burden of proof satisfied in this instance. Appellant remarked on the sizeable increase in subject's assessed value, but did not provide anything to support a lower valuation. By contrast, Respondent developed a sales comparison model comprised of three (3) waterfront sales and made adjustments for noted differences compared to the subject property. In all, the Board did not find support for the valuation petitioned by Appellant.

Based on the above, 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 22nd day of November, 2024.