

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF ) APPEAL NO. 13-A-1035  
HEINRICH TRUST from a decision of the Bonner )  
County Board of Equalization for tax year 2013. ) FINAL DECISION  
) AND ORDER

**VACANT LAND APPEAL**

THIS MATTER came on for telephonic hearing November 14, 2013, before Hearing Officer Cindy Pollock. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Trustee Robert Heinrich appeared at hearing for Appellant. Assessor Jerry Clemons, Chief Deputy Assessor Ken Bocksch, and Appraiser Kelly Hubener appeared for Respondent Bonner County. This appeal is taken from a decision of the Bonner County Board of Equalization (BOE) modifying the protest of valuation for taxing purposes of property described by Parcel No. RP00458001002AA.

**The issue on appeal is the market value of an unimproved residential parcel.**

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

FINDINGS OF FACT

The assessed land value is \$17,000. Appellant requests the land value be reduced to \$4,500.

The subject property is a .111 acre rural residential parcel located near Sagle, Idaho. Subject's assessment notice for 2013 bore a value of \$9,000. Prior to the BOE hearing in this matter, it was noted the assessment notice value reflected a 50% downward value adjustment. Normally, Respondent applies a 50% reduction to parcels which are unbuildable. According to the County, there was no supporting record on file that indicated subject was unbuildable.

Therefore, the BOE removed the adjustment factor and arrived at a valuation of \$17,000<sup>1</sup>.

Appellant contended subject's value should not have increased, but rather should have been decreased an additional 50%. Appellant explained zoning restrictions, and specifically the setback requirements, severely reduced the available building envelope on subject. In Appellant's view, there was not enough room for a suitable residential structure. As such, Appellant argued subject's value should be reduced.

Respondent provided four (4) sales from 2012 for comparison with subject. Sale Nos. 1 and 2 were both improved properties. The .103 and .990 acre improved parcels sold for \$118,500 and \$215,000, respectively. After removing improvement values, Respondent reported land value residuals of \$61,810 for Sale No. 1 and \$37,070 for Sale No. 2. The other two (2) sales were both vacant lots. Sale No. 3 was located near subject. The .144 acre lot sold for \$17,750. Sale No. 4 was located some distance from subject. The 1.662 acre parcel sold for \$25,000 in February 2012. Respondent considered Sale No. 3 the most comparable to subject because it involved a vacant lot located in subject's area. Appellant argued this latter property was not comparable to subject because it was located closer to a marina.

#### 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, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

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<sup>1</sup>The BOE decision removed the 50% discount factor, which doubled subject's value to \$18,000. The BOE then reduced the value by \$1,000 to offset the estimated cost of obtaining a variance.

Idaho Code § 63-201 requires all taxable property be assessed at market value on January 1 of the applicable tax year. Idaho Code § 63-201 defines market value as follows.

“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.

Appellant contended the building restrictions affecting subject were not properly considered by the County. Respondent explained the BOE decision to increase the assessed value was the result of removing a 50% adjustment factor which was mistakenly attached to subject’s valuation record. The 50% adjustment factor is typically reserved for unbuildable parcels. In this case, Respondent argued such an adjustment was unwarranted because there was no documentation indicating subject was indeed unbuildable.

Respondent also offered information on four (4) sales to support subject’s assessed value. The sales ranged in size from .103 to 1.662 acres. After removing improvement values from two (2) of the sales, the indicated land prices were between \$17,750 and \$61,810. Subject was assessed for \$17,000.

While the Board understands subject may be somewhat limited in terms of the type of improvements the zoning ordinances will allow, it was not demonstrated that the property was unbuildable. In prior years, subject was apparently erroneously considered as unbuildable in the County’s property records system. Since subject has not been shown to be unbuildable, the Board agrees with the BOE’s decision to remove the adjustment factor. In effect, the BOE decision simply corrected a clerical error which went unnoticed until the current tax year.

The Board also finds no error in subject’s assessed value at \$17,000. Respondent

provided several recent sales of similar type property. Other than calculating land residuals, no appraisal adjustments were made to the sale prices, however, Respondent noted subject's assessed value was lower than all of the sales.

Idaho Code § 63-511 assigns Appellant the burden of proving error in subject's valuation by a preponderance of the evidence. In the Board's judgment, this burden was not satisfied. Appellant provided no sales or other market value information to counter that which was offered by Respondent. Given our consideration of the sales information submitted by Respondent, subject's value appears reasonably supported.

Having found no error in subject's assessment and valuation, 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 13th day of February, 2014.