

BEFORE THE IDAHO BOARD OF TAX APPEALS

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|-------------------|---|----------------------|
| PHILLIP PETERSON, | ) |                      |
|                   | ) |                      |
| Appellant,        | ) | APPEAL NO. 15-A-1215 |
|                   | ) |                      |
| 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 modifying the protest of valuation for taxing purposes of property described by Parcel No. RP059620010260A. The appeal concerns the 2015 tax year.

This matter came on for hearing October 27, 2015 in Sandpoint, Idaho before Board Member David Kinghorn. Appellant Phillip Peterson was self-represented. Bonnie Berscheid represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in 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 original assessed land value was \$668,398 and the combined value of the improvements was \$169,950, for a total value of \$838,348. The Bonner County Board of Equalization (BOE) reduced the land value to \$378,000, with no changes to value of the improvements, resulting in a total value of \$547,950. Appellant agrees with the improvements' value, however contends the correct land value is \$365,000.

The subject property is a 1.16 acre parcel with 154 waterfront feet on the east side of Priest Lake. Subject is improved with a residence, boat docks, and various outbuildings.

Appellant purchased the subject lot in a State-sponsored auction in August 2014. The auction involved 60 State-owned lakefront parcels which had been leased to various lessees who were allowed to improve the lots. Appellant leased the subject lot prior to purchasing it for \$365,000 at the auction. Following an appeal, the BOE reduced the subject's assessed land value to \$378,000<sup>1</sup>. According to Respondent, the BOE's decision determined subject's raw land value to be \$365,000, to which \$13,000 was added for the value attributable to the onsite improvements. Appellant argued the \$365,000 purchase price included the value of the onsite improvements, and therefore, adding \$13,000 to the assessed value was in error.

Respondent described onsite improvements are improvements to land such as developed access, grading, sanitary facilities, water systems, and utilities. Subject was noted to have onsite improvements. Respondent's standard process is to determine a parcel's raw land value and then add \$13,000 for each "set" of onsite improvements. Subject was noted to have one (1) set of onsite improvements so an onsite value of \$13,000 was added to the purchase price.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence

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<sup>1</sup>The BOE's decision letter indicated a total assessed value of \$547,950. Removing the assessed value of the improvements, results in a land value of \$378,000. Respondent explained the land value is comprised of a raw land value of \$365,000, plus \$13,000 for the onsite improvements.

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.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2015 in this case. 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.

The income approach, the cost approach, and the sales comparison approach represent the three (3) primary methods for determining market value. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is often valued using the sales comparison approach, which generally considers recent sales of similar property.

Appellant did not prepare a sales comparison approach analysis. Instead, Appellant contended subject’s land value should match the price paid at auction for the lot. Respondent explained the BOE’s decision placed a raw land value of \$365,000 to which \$13,000 was added for the value attributable to the onsite improvements. Appellant argued the purchase included any value for the onsite improvements and to add \$13,000 was erroneous.

The Board understands Appellant's position, however, does not agree the BOE erred in setting subject's land value higher than the actual purchase price. "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) (emphasis added). In other words, market value is typically established through consideration of multiple sales of comparable property, among other factors, and is not simply the purchase price of an individual property. In this case, Appellant's value claim is based solely on subject's purchase price. We agree subject was purchased with onsite improvements as argued by Appellant, however, we do not find the BOE was required to set the land assessment at the exact purchase price.

Idaho Code § 63-511 places the burden on Appellant to establish error in subject's assessed value by a preponderance of the evidence. The burden of proof was not satisfied in this instance. Appellant did not provide sufficient evidence to disturb the value determined by the BOE.

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 21<sup>st</sup> day of January, 2016.