

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JAMES ) APPEAL NO. 13-A-1143  
AND KLAIRE POWERS from a decision of the )  
Bonner County Board of Equalization for tax year ) FINAL DECISION  
2013. ) AND ORDER

**VACANT LOT APPEAL**

THIS MATTER came on for hearing October 8, 2013 in Sandpoint, Idaho before Board Member Linda Pike. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Appellant James Powers appeared at hearing. Assessor Jerry Clemons, Chief Deputy Appraiser Ken Bocksch, and Appraisers Elisabeth Lauber and Rhonda Sommerfield appeared for Respondent Bonner County. This appeal is taken from a decision of the Bonner County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RP004420030050A.

**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 \$80,000. Appellants request the land value be reduced to \$40,000.

The subject property is a .173 acre parcel located on the west side of Priest Lake. Subject is located roughly 600 feet from the lake, however, does not enjoy lake views. Appellants explained access to a useable beach requires a five (5) minute drive. Respondent characterized subject’s area as historically desirable, with most properties in the area used for vacation or recreation purposes.

Appellants provided five (5) vacant land sales involving parcels on the west side of

the lake. None of the sale lots were located on the water, though each were within five (5) or ten (10) minutes of available beach access. The sale lots were between .29 and 1.98 acres in size. Some included onsite utilities like community sewer and water, but others included no such services. Sale prices ranged from \$25,000 to \$45,500. Respondent noted the sales were located farther from the water than subject, and argued they were therefore not comparable.

Respondent explained subject's value has remained at \$70,000 since a 2011 decision of the Board of Tax Appeals which set subject's value at that level. For 2013, subject's value was increased to reflect current market trends.

Respondent submitted three (3) sales for comparison with subject. Sale No. 1 was located approximately 180 feet from subject. The .344 acre parcel was improved with a 484 square foot residence and a small 144 square foot guest cabin. From the \$158,000 sale price, Respondent removed the assessed values of the associated improvements to calculate a land price residual of \$113,050. Appellants noted the lot was improved and also was equipped with all necessary onsite improvements. Appellants contended an improved property should not be used to determine subject's land value.

Respondent's Sale Nos. 2 and 3 were both regarded as superior to subject because both included community access to the lake, and boat slips. In terms of location, Respondent viewed subject's as superior because it was at the end of the lake traditionally considered more desirable. Sale No. 2, which was an unimproved lot, sold in April 2012 for \$120,000. Sale No. 3 was improved, so Respondent again extracted the land price

residual of \$125,734 by removing assessed improvement values. The extent and nature of the associated improvements were not detailed in the record, but Respondent attributed roughly \$13,000 of value.

### 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.

Idaho Code § 63-205 requires all property be assessed annually on January 1 of the relevant tax year at market value. The definition of market value is found in Idaho Code § 63-201:

“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 parties both relied on the sales comparison approach to arrive at their respective value claims. In this regard, the parties each offered sales for the Board to consider, five (5) from Appellants and three (3) from Respondent. For the most part Appellants' sales were located farther away from the water, whereas Respondent's sales were situated nearer the lake. Respondent stressed proximity to the water was the primary value component of properties in the area. Sale prices near the lake were noted to be

considerably higher than prices paid for lots located further away.

In the Board's experience, it is common for lots near a body of water to command premium prices. Similar to Respondent, the Board found proximity to the water an important value consideration for parcels in subject's area. As Appellants' sales were located some distance from the water, they were viewed by the Board with caution.

Respondent's sales were located within 475 feet of the water, similar to subject. The lots were all noticeably larger than subject, and more importantly, two (2) of the parcels were improved. As previously noted, proximity to the water is a critical value determinant around Priest Lake. While there may be some consideration for lot size, the sales prices in record here did not bear that out. As such, the size disparities were considered of minor importance.

When vacant comparable land sales are available, the Board is generally sensitive to using improved sales and extracting land prices. In this case, however, those concerns were minimized by Respondent's explanation that the improvements included in Sale No. 1 were a relatively minor 484 square foot residence built in 1946 and a 144 square foot cabin. Respondent placed a combined value of roughly \$32,000 on these improvements, which appeared reasonable for such modest improvements. Similarly, the value attributed to the improvements in Sale No. 3 was minor, at roughly \$13,000. Residual land prices were \$113,050 and \$125,734 for Sale Nos. 1 and 3, respectively.

There were some noted differences between Respondent's sales and the subject property, but key in the Board's determination was that the sales were in close proximity

to Priest Lake, like subject. The sales suggested values between \$113,050 and \$125,734. Subject was assessed at \$80,000, which evidences Respondent gave consideration to the differences between the sales and subject.

Appellants provided a lot of good market value information, which was appreciated. In the end, however, Respondent's sales information was judged superior. Subject's assessed value appears reasonable and fair given the evidence presented.

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 7<sup>th</sup> day of January, 2014.