

BEFORE THE IDAHO BOARD OF TAX APPEALS

R. MICHAEL RAPOPORT,)	
)	
Appellant,)	APPEAL NO. 14-A-1032
)	
v.)	FINAL DECISION
)	AND ORDER
BONNER COUNTY,)	
)	
Respondent.)	
_____)	

VACANT LAND APPEAL

This appeal is taken from a decision of the Bonner County Board of Equalization regarding the protest of valuation for taxing purposes of property described by Parcel No. RP033860000030A. The appeal concerns the 2014 tax year.

This matter came on for hearing September 25, 2014 in Sandpoint, Idaho before Hearing Officer Travis VanLith. Appellant R. Michael Rapoport was self-represented. Assessor Jerry Clemons represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

The issue on appeal concerns the market value of a vacant waterfront parcel.

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

FINDINGS OF FACT

The original assessed land value was \$482,883. Following a timely appeal, the Bonner County Board of Equalization reduced subject’s assessed value to \$368,160. Appellant contends the correct value is \$220,000.

The subject property is a .467 acre vacant waterfront parcel situated on Bottle Bay, near Sagle, Idaho. A private, non-county maintained, road provides access to subject and

its 160 front feet on the bay.

Appellant purchased subject in December 2013 for \$220,000. Appellant explained the property had been on the market for approximately three (3) years with an asking price of \$340,000. At the time of purchase, the asking price was \$330,000. Respondent noted subject was a foreclosure property at the time of sale. Appellant contended the sale price represented market value because the parcel had been on the open market for several years with no buyers.

Respondent provided information on three (3) sales for comparison with subject. Sale No. 1, regarded as most comparable, was located roughly one-half mile from subject. The parcel had 100 front feet on the water and sold in May 2013 for \$315,000. At the time of sale, this parcel was improved with a dock, which Respondent valued at roughly \$15,000. Sale No. 2 had 110 front feet, a dock, and was situated approximately 1.5 miles from subject. Respondent characterized the waterfront as similar to subject, but overall the sale lot was regarded as slightly inferior. This parcel sold in August 2013 for \$298,000, with a land residual of \$284,460 after the value attributable to the dock was removed. Sale No. 3 was an improved waterfront sale. The property was located about four (4) miles from subject and was regarded as having superior waterfront. The property sold for \$1,760,000. After removing the assessed values of the improvements, Respondent estimated a land residual value of \$900,040.

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 taxable property be assessed at market value annually on January 1; January 1, 2014 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.

Market value is determined through recognized appraisal methods. Three (3) such appraisal models include the cost approach, the income approach, and the sales comparison approach. See *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Appellant’s value position was based on subject’s recent purchase price of \$220,000. This represented a notably steep discount from asking price. Typically, the recent, arm’s-length sale of a property is a strong indication of its market value. This general proposition, however, does not always hold true in the case of a distressed sale. In the current case, subject was a foreclosed property owned by a financial institution. While subject was on the market for several years, its ultimate sale price is not necessarily indicative of its full market value. In the absence of more sales or asking prices near the

price level at which subject sold, the Board is hesitant to consider subject's purchase price as sufficient evidence of its current market value.

Respondent's value evidence consisted of three (3) waterfront sales. Sale Nos. 1 and 2 involved waterfront parcels with small boat dock improvements. They each had about 50 fewer front feet than subject, but were otherwise regarded as generally comparable. Sale No. 3 concerned a fully-developed waterfront parcel with 200 front feet. Using an extraction method, whereby roughly \$850,000 was removed from the sale price, Respondent estimated the underlying land contributed \$900,040 in value. The Board understands the extraction method used by Respondent. However adjusting a sale price by 50%, without providing any details regarding the improvements associated with the sale, is a lot for the Board to comprehend or to largely accept on faith. As such, Sale No. 3 was afforded minimal weight in the final decision.

In appeals to this Board, the burden is with Appellant to prove error in subject's assessed value by a preponderance of the evidence. Idaho Code § 63-511. Given the relatively thin value evidence presented in this case, the Board does not find that burden satisfied. Respondent's vacant waterfront land sales supported a value higher than 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 17th day of November, 2014.