

BEFORE THE IDAHO BOARD OF TAX APPEALS

DANIEL AND KATHLEEN ROSE,)	
)	
Appellants,)	APPEAL NO. 15-A-1119
)	
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 the protest of valuation for taxing purposes of property described by Parcel No. RP003870000280A. The appeal concerns the 2015 tax year.

This matter came on for hearing October 7, 2015 in Sandpoint, Idaho before Board Member David Kinghorn. Daniel Rose appeared for Appellants. Al Ribeiro 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 assessed land value is \$46,222, and the improvements' value is \$110,570, totaling \$156,792. On appeal, Appellants agreed with Respondent's total valuation, but contend the assigned component values are inaccurate. Appellants presented the following alternative allocation: land \$27,564, improvements \$129,160.

The subject property is a rural 6.0 acre lot with some wooded area and a pond at

the back. It is improved with a 1,584 square foot, multi-level residence built in 2000. The property also has a small utility shed, a 900 square foot pole building with 10 x 30 foot lean-to's on either side, and a 300 square foot unfinished guest house. The property is located fourteen (14) miles northeast of the City of Ponderay, Idaho on an unpaved road.

According to Respondent, subject was last purchased in January of 2014 for \$162,500.¹ Appellants reported the property was purchased for the buildings it contained, the improvements being the driving value factor.

Appellants alleged subject's current assessment places too much value in the land and not enough in the improvements. It is further charged the assessment is completely inaccurate and unreliable where it relied on a wrong square footage for the main residence, had incorrect bedroom and bathroom counts, and entirely missed discovering the guest house. The measurement correction reduces the upstairs living area by 114 square feet, a difference Appellants estimated would reduce the improvement's value by \$7,235. Other errors in Respondent's records and appraisal process were referenced, including issues with the residence's "Fair +" quality rating. Appellants' efforts to address property characteristic errors, first with the Assessor's Office and later with the BOE, did not result in any changes on this fundamental aspect of appraisal.

On appeal, Appellants were unable to get the comparable sales information wanted from Respondent, so instead assessment comparisons were made to offer support for the claimed land value. Comparisons were made to select land assessments, first of

¹ A Multiple Listing Service record showed a price of \$165,900.

properties located within one (1) mile of subject, and second for a set of properties located within five (5) miles of subject.

Respondent presented information on six (6) nearby, 2014 sales in support of subject's land value. Three (3) of the sales were vacant, while three (3) were improved properties where a land residual value was calculated. The selling properties had land areas between five (5) and six and one-half (6.5) acres, except for one (1) property which was an 18 acre parcel. The indicated price rates for the land ranged from \$6,009 to \$10,000 per acre. On a like basis, subject's land was assessed at an average per acre rate of \$5,537.

The subject improvements were appraised and assessed by Respondent using the cost approach to value. In support of the main residence's value, Respondent presented a study of the mean and median price rates, on a square foot basis, from a larger set of 2014 residential sales. The price rates were presented in a matrix comparing different property ages to different quality classes. For a Fair + residence, with ages similar to the subject residence's, the average price rate was \$92 per square foot. On a like basis, subject's residence reflected an average value rate of \$63.43 per square foot. Respondent pointed out roughly half the sales would have indicated rates below, and half above, the \$92 average rate. Subject's residence rate was noted to fall in the group that was below the average.

In commenting on Appellants' alleged errors in the property characteristics record, Respondent noted there was some indication the assessed land value was low. However it was noted the subject land was assessed consistently with all the nearby properties.

Commenting further on Appellants' issues with the property characteristics, it was noted there were also outstanding discrepancies with the multiple listing service record. Respondent noted it had not reinspected subject since Appellants referenced errors and it could not verify what was accurate without such inspection. In concluding, Respondent argued its method of arriving at value was reasonably supported by market sales information and merely reflected a difference of opinion on how to get to full market 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 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.

Market value is estimated according to recognized appraisal methods and techniques. There are three (3) approaches to value, the sales comparison approach, the cost approach, and the income approach. In a unique way, each approach considers the available information on recent comparable sales.

Respondent's value case for subject was supported by analyses of recent comparable sales. This was true even with using the square footage correction Appellants demonstrated was needed. Among the recent sales information was subject's arm's-length sale which also supported the property's current market value assessment. Significantly, the parties agreed on the correct full market value for subject. However, Appellants raised numerous issues with property characteristics and the assessment process. These included alleged inaccuracies in Respondent's property characteristic records, and what amounted to a disagreement or difference of opinion on how the property's full market value should be allocated to the land and improvement components. Key to Appellants' case on properly assigning the full market value was an analysis of certain nearby land assessments. Appellants reported relying on these comparisons to other assessments where they could not discover comparable sales information.

In accordance with Idaho Code § 63-511, the burden is with the Appellants to establish Respondent's valuation is erroneous. A preponderance of the evidence shall suffice to sustain the burden of proof. A preponderance of the evidence is evidence which is of greater weight, or more convincing, than the evidence which is offered in opposition to it. In this instance, the burden of proof was not met on the issue of allocating market value between land and improvements. Even if the taxpayer shows Respondent used an erroneous method of assessment, or made errors in judgment, such a showing by itself does not entitle Appellants to relief where there is no showing that the value fixed by the assessor for the property is not the full market value. *Abbot v. State Tax Commission*, 88 Idaho 200, 208; 398 p.2d 221, 225 (1965). See also *Title & Trust Co., etc. v. Ada County*,

94 Idaho 270, 277; 486 p.2d 281, 288 (1971).

The process followed by Respondent, though not always precise or fully accurate, did result in a fair and full market value assessment for subject. And Appellants agreed with Respondent on subject's total market value. The recent sale of the property for \$162,500, together with the other sales information in record, offered good support for the validity of the 2015 assessment. The Board found Respondent's allocation of market value between the land and improvement components was supported in the record. Respondent offered an analysis of the underlying land value, as if vacant and unimproved, which was found to be the best evidence on this issue, even if the assigned land value was somewhat soft. Appellants' analysis of nearby assessments is not a recognized appraisal method when estimating market value.

For the reasons above, the decision of the Bonner County Board of Equalization is affirmed, fixing subject's 2015 market value at \$156,792. The Board found no reason to modify the assessed values allocated to the different assessment categories.

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 20th day of January, 2016.