

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF ) APPEAL NO. 13-A-1140  
ROBERT SIMMONS from a decision of the )  
Bonner County Board of Equalization for tax ) FINAL DECISION  
year 2013. ) AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing October 9, 2013, in Sandpoint, Idaho before Board Member Linda Pike. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Appellant Robert Simmons appeared at hearing. Assessor Jerry Clemons, Chief Deputy Assessor Ken Bocksch, and Appraisers Ben Hawkins and Jeff Van Stone 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. RP56N01W107800A.

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

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

FINDINGS OF FACT

The assessed land value is \$93,933, the improvements' valuation is \$60,700, and other improvement value is \$3,350, totaling \$157,983. Appellant requests the land value be reduced to \$66,530, with no other changes, for a total value of \$130,580.

The subject property includes 2.66 rural residential acres improved with a 758 square foot residence located near Sagle, Idaho. The residence was built in 2005 and regarded by Respondent as being of "fair" quality construction. The property is also improved with an outbuilding. Appellant challenged only the assessed value attributed to the land.

Appellant noted subject is located on a county-maintained gravel road leading to the local garbage dump. The landfill is located roughly 1.5 miles down the road from subject. While there was no odor, Appellant described heavy automobile traffic and large amounts of dust associated with subject's proximity. In Appellant's view, the benefits of being located on a county-maintained road were outweighed by the negatives.

Appellant provided information on eight (8) unimproved rural residential lot sales which transpired during 2012. Sale No. 1 was a 5-acre lot located on a county-maintained gravel road. The parcel sold for \$50,000, or \$10,000 per acre. Respondent contended the road was not maintained by the county. Respondent also noted this was an "owner-carry" sale, which suggested an abnormal transaction.

Appellant's Sale No. 2 was a 4.64 acre lot which sold for \$34,900, or \$7,520 per acre. This was a bank-owned sale. Respondent indicated the parcel was located on a road not maintained by the county. Further, Respondent contended the sale should be disregarded because it was distressed. According to Respondent, distressed sales are included in the overall analysis only when such sales represent a majority of the market. Appellant countered that all sales should be considered, even those which are distressed because they exist in the market and compete for the same buyers.

Sale No. 3 concerned a 3.72 acre lot located near a paved county road. The parcel also had water, septic, and electricity. The property sold for \$45,000, or \$12,100 per acre. Respondent noted this was an "owner-carry" transaction. Respondent also regarded the lot as inferior to subject due to its close proximity to the railroad tracks.

Appellant's Sale No. 4 was the same as Respondent's Sale No. 1. This 2.92 acre parcel sold for \$83,000, or \$28,425 per acre. The lot was located off a private road and enjoyed a nice view. Respondent stressed that not being located on a county-maintained road was a major value detriment compared to subject's location.

Sale No. 5 was located in the same subdivision as the previous sale, though further up the hill. The five (5) acre parcel abuts federal forest land. The lot sold for \$85,000, or \$17,000 per acre. Respondent noted the lot was not located on a county-maintained road and also referenced some issues with the driveway.

Sale No. 6 was a 5.67 acre lot which sold for \$42,000, or \$7,400 per acre. The parcel was located in subject's immediate neighborhood. Appellant noted the access road was poor, but that the lot was otherwise comparable to subject. Respondent viewed the location of this lot as inferior compared to subject's.

Sale No. 7 involved a lot located along a paved road maintained by the county. The 4.4 acre parcel sold for \$80,000, or \$18,181 per acre. Appellant noted the lot had underground power, nice views, and backed up to public recreation land.

Sale No. 8 concerned a 5.04 acre parcel, which sold for \$48,000, or \$9,523 per acre. The lot was described as heavily treed with limited views, like subject. The parcel also included well and septic improvements. Respondent characterized subject's location as superior.

Similar to Appellant, Respondent offered sales information for comparison to subject. Four (4) sales were considered in this regard. Sale No. 1 was the same as

Appellant's Sale No. 4 described above. Respondent's Sale No. 2 was a roughly 4.3 acre parcel located on a non-county maintained road. The lot sold for \$112,000, or \$25,824 per acre.

Sale No. 3 involved an improved residential sale. The total sale price was \$175,000. After removing assessed improvement values, Respondent calculated a residual price of \$68,320 for the 1.124 acre lot. The land included onsite improvements which were assessed for \$13,000.

Sale No. 4 was located on a non-county maintained road. The 4.67 acre parcel sold in May 2011 for \$109,900. Appellant argued the 2011 sale was stale and stressed that more recent 2012 sales data should be the basis for subject's current 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 at market value on January 1. The definition of market value is detailed 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.

Both parties relied on the sales comparison approach, which is one of three (3) primary methods for determining market value as recognized by the Idaho Supreme Court. *Merris v. Ada County*, 100 Idaho 59, 63 (1979).

Appellant provided information on eight (8) unimproved rural residential lot sales. Price rates ranged from \$7,400 to \$28,425 per acre for parcels ranging in size from 2.92 acres to 5.67 acres. It was noted some of the sales were distressed transactions and that some of the sale lots were located on roads which were not maintained by the county. Respondent argued distressed sales should not be considered unless they represent a majority of the market, which was not the case in subject's area during 2012. Appellant countered that distressed sales are part of the market, so should be considered in any market analysis.

Respondent provided information on four (4) sales, three (3) of which were from 2012, and one (1) from 2011. Sale No. 3 was an improved sale, however, Respondent estimated the land price by removing the assessed improvement values from the \$175,000 sale price. Collectively the land prices ranged between \$68,320 and \$112,000, or between \$23,533 and \$49,217 per acre. Lot sizes ranged from about 1.12 to 4.67 acres.

Both parties provided the Board with a lot of useful market information for consideration. The Board found concern with a couple of Respondent's sales. Sale No. 3 was an improved property, however, the valuation question at issue centers on subject's land value. Further, Respondent calculated the indicated land price by subtracting the assessed improvement values from the total sale price, however there was no support

offered for the values assigned to the improvements. The other concern was with Sale No. 4. The sale occurred in May 2011. In the absence of other relevant and timely sales, there would be no issue with relying on an older sale from 2011. In the current case, however, there were many 2012 sales to consider. Accordingly, the Board's focus in this decision was centered on the more recent sales information.

Both parties included the same 2.92 acre sale in their respective analyses. The parcel sold for \$83,000, or \$28,425 per acre. Of all the sales presented, this one most resembled subject in terms of size and overall physical features. The drawback stressed by Respondent was its location on a non-county maintained road. Subject clearly has better access, but as noted by Appellant there are some negative aspects associated with close proximity to a county-maintained road.

Not only does the above-referenced sale indicate subject's assessed value is high, but the remaining sales are likewise found to support this conclusion. In fact, the only sale with a higher price per acre was Respondent's Sale No. 3, which involved an improved residential parcel. All the other sales were in the \$25,000 per acre range or lower. Some of the lower priced sales were distressed, but even the non-distressed sales point toward subject's underlying land assessment of nearly \$30,500 per acre (before site improvements), as being overstated.

Based on the evidence presented, Appellant has met the burden of proving error in subject's assessed value by a preponderance of the evidence as required by Idaho Code § 63-511. While the good sales information supported a lower value, the Board did

not find adequate support for the value petitioned by Appellant.

Given the above, the Board will modify the decision of the Bonner County Board of Equalization, and reduce the subject lot value to \$62,500, plus \$13,000 for onsite improvements, for a total land value assessment of \$75,500.

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, MODIFIED as indicated below

Land	\$ 75,500
All Improvements	<u>\$ 64,050</u>
Total Parcel Value	\$139,550

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 13<sup>th</sup> day of January, 2014.