

BEFORE THE IDAHO BOARD OF TAX APPEALS

BONNER COUNTY ASSESSOR,)	
)	
Appellant,)	APPEAL NO. 16-A-1034
)	
v.)	FINAL DECISION
)	AND ORDER
JOHN RICHARDSON,)	
)	
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. RP059640010100A. The appeal concerns the 2016 tax year.

This matter came on for hearing September 21, 2016 in Sandpoint, Idaho before Board Member Linda Pike. Assessor Jerry Clemons represented Appellant. Respondent did not appear at the hearing.

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 reversed.

FINDINGS OF FACT

The original assessed land value was \$536,093, and the improvements' value was \$24,510, totaling \$560,603. The Bonner County Board of Equalization (BOE) reduced subject's land value to \$350,000, with no changes to the value of the improvements, resulting in a total value of \$374,510. Appellant contends the values reflected on the original assessment are correct and should be reinstated.

The subject property is a 3.04 acre waterfront parcel situated on the southern end of Priest Lake, in an area commonly known as the outlet. The parcel is improved with a small cabin and some boat dock improvements. Subject has 337 front feet on the lake, however it can only be accessed by boat.

Appellant first challenged the BOE method of measurement used to determine subject's land value. Rather than using a meandering line to measure the waterfront, the BOE used a pin-to-pin measurement. This change in methodology reduced the number of front feet to roughly 330. Appellant argued the meandering line method of measurement is better because it reflects the actual waterfront footage subject enjoys. It was reported all other counties in Idaho with large bodies of water use meandering line measurements. In Appellant's view, there was insufficient support to change the shoreline measurement methodology.

Appellant also contested the BOE's land value rate of roughly \$1,000 per front foot. This was due to a lack of supporting sales or other market value data for the value rate. Appellant explained subject is situated in a unique area and therefore should not be compared to lots from other parts of the lake. In this regard, Appellant detailed a recent sales study of the lake involving more than thirty (30) lakefront properties, wherein it was determined the lake consists of four (4) distinct market areas based primarily on beach type and topography. It was argued sales from a specific market area should be used to value parcels located in the same area. With this in mind, Appellant offered sales information concerning three (3) sales from the same area as subject, though they were located on the other side of the outlet. Sale prices ranged from \$2,518 to \$4,891 per front foot for lots with between 75 and 150 waterfront feet. The sale

properties were regarded as highly similar to subject in terms of waterfront and topography, however, it was noted properties on that side of the outlet enjoy road access. To account for subject's boat-only access, Appellant adjusted subject's value downward by 25%, resulting in land value conclusion of \$536,093, or \$1,552 per front foot.

Respondent failed to appear at the duly-noticed hearing in this matter, or to otherwise offer any information in support of the BOE's value decision.

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, 2016 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 using recognized appraisal practices. The sales comparison approach, the income approach, and the cost 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). The sales comparison approach is often used to value residential property.

Appellant challenged two (2) aspects of the BOE's decision; the method of measurement and the front foot value rate. Regarding the method of measurement, Appellant contended the BOE's use of a pin-to-pin measurement is inconsistent with how all other counties in Idaho measure water frontage on large bodies of water. Appellant further argued the meandering line measurement is superior because it better reflects the actual amount of shoreline a particular parcel has and can use. This is also consistent with the statutory mandate market value is to be determined according to a property's actual and functional use. See Idaho Code 63-208. Applied here, the amount of subject's actual shoreline should be measured because it best represents how the property exists and is used. Therefore, the Board finds subject's shoreline should be measured using the meandering line, which results in a measurement of 337 front feet.

Turning to the question of subject's land value, we similarly find Appellant's position better supported. Appellant provided three (3) sales involving parcels located on the outlet, like subject. The primary difference between subject and the sale properties was subject is only accessible by boat, whereas parcels situated on the other side of the outlet have road access. To account for this, a negative 25% adjustment was applied to subject. The result was a raw land value conclusion of \$523,093, or about \$1,552 per front foot. As these sales represent the only evidence of market value in the record, and they support Appellant's value position, the Board will increase subject's value accordingly.

Idaho Code § 63-511 places the burden on Appellant to prove error in subject's valuation by a preponderance of the evidence. Appellant offered relevant market value information, as

well as other support, for its position. As Respondent did not appear at hearing or otherwise offer competing evidence in support of the BOE's value decision, we find sufficient cause to increase subject's land value to \$536,093.

Based on the above the decision of the Bonner County Board of Equalization is reversed, thereby increasing subject's total land value to \$536,093, of which \$13,000 is attributable to the onsite improvements.

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, REVERSED, thereby increasing subject's total land value to \$536,093, with no changes to the value of the improvements.

DATED this 30th day of December, 2016.