

BEFORE THE IDAHO BOARD OF TAX APPEALS

JEFFREY AND TINA JOHNSON,)	
)	
Appellants,)	APPEAL NO. 16-A-1024
)	
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. RP059510010350A. The appeal concerns the 2016 tax year.

This matter came on for hearing September 21, 2016 in Sandpoint, Idaho before Board Member Linda Pike. Appellants Jeffrey and Tina Johnson were 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 an improved residential property.

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

FINDINGS OF FACT

The assessed land value is \$510,750, and the improvements' value is \$112,680, totaling \$623,430. Appellants contend the correct land value is \$355,000, with no change to the improvements' value, for a total assessed value of \$467,680.

The subject property is a .82 acre parcel with 155 waterfront feet on the east side of Priest Lake, in Coolin, Idaho. Subject is improved with a residence and a boat dock.

Only the land value was challenged at hearing.

Appellants purchased the subject lot in a State-sponsored auction in August 2015. The auction involved State-owned lakefront parcels which had been leased to various lessees who were allowed to improve the lots. Appellants leased the subject lot prior to purchasing it for \$355,000 at auction. Appellants explained a 30-day auction notice was published and the auction was open to any party to bid. Appellants were the sole bidders and paid the minimum bid amount. Appellants asserted the true market value for subject is the purchase price paid at auction.

Appellants provided a portion of an independent fee appraisal dated April 18, 2015. This appraisal was prepared for the auction sale, and concluded a total value of \$620,000. Looking at only the land value of \$355,000 indicated by the appraisal, Appellants then used Respondent's improvements' valuation of \$112,680 to conclude a total value of \$467,680. Respondent argued Appellants accepted the two (2) lowest value indicators of separate appraisal analyses to derive a value. It was further noted the independent fee appraisal's total value came in very close to the total assessed value at \$623,430.

Respondent explained the entire lakefront was analyzed for the 2016 tax year. Respondent developed a matrix which accounted for the different land characteristics around the lake. Respondent explained the two (2) characteristics which were considered to have the greatest effect on value were beach type and lot topography. As a result of the study, each lot was analyzed based on these two (2) characteristics and given an overall site rating which correlated with a value derived from sales of similar type lots. Subject's lot was given a waterfront grade of "average." Appellants disagreed with the rating and

contended it should be “fair” grade.

Respondent provided information concerning seven (7) waterfront sales of Priest Lake parcels. The sales occurred during 2013, 2014 and 2015. The sale properties were situated all over the lake. Two (2) of the sales were vacant parcels. These vacant lots consisted of 140 and 125 waterfront feet. The sale prices were \$465,000 and \$450,000, or \$3,321 and \$3,600 per front foot, respectively. The remaining sales involved improved parcels. Sale prices ranged from \$389,000 to \$1,200,000. After extracting assessed values of the associated improvements, Respondent calculated land value residuals between \$304,700 and \$928,240, or from \$3,047 to \$6,133 per front foot. Subject contains 155 front feet which is valued at \$3,211 per front foot.

Respondent found the auction sales were invalid and therefore should not be used to set land values. It was explained the auction took place because the State of Idaho was under compulsion to sell the lots to fulfill its obligation to the endowment fund, and the lessees were the purchasers of the auction lots. Respondent stated the purchasers had extra motivation to own the land under their homes. Respondent concluded these were not typical motivations and therefore the auction sales were not considered valid.

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 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.

Appellants did not present a recognized appraisal method. Instead, Appellants contended the subject land value should match the price paid at auction, while the value of the improvements should remain as assessed. In other words, Appellants want to use the lowest land and improvement values. This, however, runs contrary to the value conclusion reached in the appraisal provided by Appellants, which determined a total value of \$620,000. Not lost on the Board is how close the appraisal’s total value conclusion is to the total assessed value of \$623,430.

Appellants also argued subject’s lot should have a “fair” grade versus a “good” grade. The Board found Respondent’s analysis of the different waterfront ratings to be well supported and documented. Appellants failed to demonstrate how subject related to properties graded as “fair.” We find no error in subjects’ lot grade.

Respondent provided seven (7) lakefront sales all located on Priest Lake. Two (2) of the sales were vacant parcels, and the remaining were improved properties.

Respondent extracted the values of the improvements to determine the average front foot value rate for the land. Front foot values ranged between \$3,047 and \$6,133. The Subject lot is assessed at \$3,211 per front foot, which appears reasonable given the sales information.

In appeals to this Board, pursuant to Idaho Code § 63-51, the burden is with the Appellant to establish Respondent's valuation is erroneous by a preponderance of the evidence. The burden of proof was not satisfied in this instance. Appellants did not provide sufficient evidence to disturb the assessed value. Respondent's sales data, as well as Appellants' appraisal support subject's total assessed value.

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 30th day of December, 2016