

BEFORE THE IDAHO BOARD OF TAX APPEALS

GULARTE TRUST,)	
)	
Appellant,)	APPEAL NO. 16-A-1060
)	
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 modifying the protest of valuation for taxing purposes of property described by Parcel No. RP059560010020A. The appeal concerns the 2016 tax year.

This matter came on for hearing October 3, 2016 in Sandpoint, Idaho before Board Member Linda Pike. Owner Gloria Mae Gularte appeared at hearing for Appellant. 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 parcel.

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

FINDINGS OF FACT

The original assessed land value was \$700,150. BOE subsequently lowered the land value to its current assessment of \$696,975. Appellant contends the correct land value is \$625,000. Appellant is only challenging the land value.

The subject property is a 1.26 acre parcel with 150 feet of water frontage on the east shore of Priest Lake in Coolin, Idaho. The parcel is improved with a residence and a dock.

Appellant explained prior to its purchase at auction in 2015 for \$625,000, the subject lot

was owned by the State of Idaho and leased to Appellant. This was the case for many parcels in subject's area. The State allowed lessees to improve the lots with cabins, docks, and other residential or recreational improvements. In 2015, the State held an auction involving dozens of leasehold parcels. For each lot, an independent appraisal was obtained. Minimum bid prices were set to match the individual appraisal values. Subject's purchase price matched the value conclusion reached in its appraisal. Appellant contended subject's assessed land value should be the same as the price paid at auction.

Respondent explained the entire lakefront was analyzed and reappraised for the 2016 tax year. Respondent developed a matrix which accounted for the different land characteristics of each lot. Respondent found the two (2) characteristics which 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 rating of "good".

Respondent provided additional information concerning five (5) 2015 waterfront sales of Priest Lake parcels to compare with subject. Three (3) of the sale properties were rated "good", one (1) was rated "average", and the remaining was rated "fair." One (1) of the sales was a vacant parcel, which consisted of 100 waterfront feet and sold for \$449,000, or \$4,490 per front foot. The remaining sales involved improved parcels with waterfront ranging between 50 and 76 feet. Sale prices ranged from \$347,625 to \$600,000. After extracting assessed values of the associated improvements, Respondent calculated land value residuals between \$228,080 and \$512,200, or from \$3,258 to \$8,537 per front foot. Subject contains 150 front feet. Based on

the sales and subject's site rating, Respondent concluded a value rate of \$4,581 per front foot for subject. The BOE subsequently lowered this value.

Respondent argued 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 atypical motivation to own the land under their improvements.

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.

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). Residential property is commonly valued using the sales comparison approach.

Appellant purchased subject at auction in 2015. Appellant maintained the price paid was market value. Respondent contended the subject's purchase at auction should not be considered because the transactions involved a government entity. While subject's purchase price might be an indicator of value, this alone is not enough to rely on as market value is typically established through consideration of multiple sales of comparable property, and is not simply the purchase price of an individual property. In this case, Appellant's value claim is based solely on subject's purchase price. We understand subject was purchased at auction, however, the BOE was not required to set the land assessment at the exact purchase price

Respondent analyzed the market area of Priest Lake and identified the varying market areas around the lake. To offer support of subject's valuation, Respondent provided five (5) recent sales to compare with subject. Overall, the sales depicted a higher per front foot price rate than Appellant requested.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with the Appellant to establish Respondent's valuation is erroneous by a preponderance of the evidence. The Board was hesitant to rely solely on a single auction sale to lower subject's value. Respondent's value evidence was judged to be more thorough and better supported. Analyzing the market information in the record leads us to a higher value conclusion than that requested 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 30th day of January, 2017.