

The subject property is a 1.16 acre parcel with 154 waterfront feet on the east side of Priest Lake. Subject is improved with a residence, boat docks and various outbuildings.

In August 2014, Appellant purchased the subject's lot in a State-sponsored auction for \$365,000. The auction involved 60 State-owned lakefront cottage sites which had been leased to various lessees who were allowed to improve the land. In 2015, Appellant appealed subject's assessment. That year the Board of Equalization (BOE) reduced the raw land value to the price paid at auction and instructed \$13,000 be added for the value of associated onsite improvements.

Appellant argued the onsite value should not be added, as it was Appellant's understanding the auction price included the value of the onsite improvements. Appellant contended adding \$13,000 for onsites resulted in assessing the same property twice.

Appellant referenced a district court case involving lessees who had improved some cottage sites in subject's area. It was noted the improvements were allowed to be made to the leased properties, and if the lessees wanted to remove the improvements, they could. Further, the lessees were noted to have improved their lots with water, sewer and roads. In Appellant's opinion, this was proof the purchase of subject's lot included all the site improvements.

Respondent explained in 2015 the BOE set subject's raw land value at \$365,000. As all parcels improved with a dwelling are assessed \$13,000 for their set of onsite improvements, this amount was also added to subject's raw land value. Respondent contended subject's 2016 land value was an "artificial" rate resulting from the BOE's 2015

decision. It was explained the previous years assessed land value was not indicative of current market prices.

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.

The income approach, the cost approach, and the sales comparison 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, like the subject here, is commonly valued using the sales comparison approach. This approach normally considers the price information from multiple, recent sales of similar property.

Neither party prepared a sales comparison approach for the Board's review. The main issue argued in this case was whether Respondent erred in setting subject's 2016

value. The current assessment was derived from the 2015 assessment. Our understanding is that the BOE's decision letter in 2015 simply states the total value determined by the assessor was changed to reflect a land value of \$365,000. Respondent offered testimony that the BOE further gave instructions to add the \$13,000 onsite value to all parcels with a residence. Subject's total land value was therefore \$378,000. In this case the rationale for the BOE's value decision was not provided. Therefore, this Board was unable to evaluate the BOE's intent with regard to subject's onsite improvements.

Appellant contended subject's assessed land value should match the \$365,000 auction price, because the price was argued to include the value of all onsite improvements. While the subject lot's purchase may have included onsite improvements, we do not agree the BOE was bound to set subject's value exactly at the auction price. To further support the contention site improvements were included with the purchase, Appellant referenced a court case. From the case information Appellant sought to argue the site improvements' value should not have been added to the auction price.

A decision of the BOE, and specifically the BOE's 2016 value decision on the subject property, enjoys a presumption of correctness on appeal. Before this Board, and pursuant to Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence.

Although we understand Appellant's position, in the record before us we are strained to find good evidence of current market value that supports the requested reduction. Market value is typically determined from an analysis of multiple recent sales of similar

property and not simply by adopting an older auction price representing a single transaction. Ultimately we did not find good or sufficient evidence to warrant lowering subject's assessed value. Based on testimony offered by Respondent, we found it more likely than not the consideration of multiple recent sales on Priest Lake demonstrated Appellant's value position was below market value. 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 23rd day of January, 2017.