

BEFORE THE IDAHO BOARD OF TAX APPEALS

POWERS FAMILY HERITAGE, LLC,)	
)	
Appellant,)	APPEAL NO. 16-A-1094
)	
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. RP059640010020A. The appeal concerns the 2016 tax year.

This matter came on for hearing October 5, 2016 in Sandpoint, Idaho. Board Member Linda Pike was present at hearing. Owner Thomas Powers 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 property.

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

FINDINGS OF FACT

The original assessed land value was \$498,678, and the combined value of the improvements was \$109,440, totaling \$608,118. The Bonner County Board of Equalization (BOE) left the value of the improvements intact, however, reduced the land value to \$316,480, resulting in a total value of \$425,920. Appellant contends the correct land value is \$200,000, and the improvements' value is \$84,050, totaling \$284,050.

The subject property is a 2.83 acre parcel with 305 waterfront feet on the outlet of Priest

Lake in Coolin, Idaho. The parcel is improved with a home and a dock.

Appellant explained the subject property had been in the family since 1960. Access to the property is by boat only. Subject is on the south side of the river, across from the old Outlet Resort. Access to subject is limited to three (3) months per year because of special circumstances which Appellant contended Respondent did not consider. It was explained the river was otherwise too low or dangerously swift to reach subject the rest of the year. The water depths and rocky terrain were described in detail.

Appellant leased the subject lot prior to purchasing it for \$200,000 at auction in 2014. Other state-owned lots were also auctioned. Appellant explained a 30-day auction notice was published and the auction was open to any party to bid. Appellant was the sole bidder and paid the minimum bid amount, and contended the purchase price should match the current valuation.

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 site rating of "low" due to the restricted access and location on the outlet. Further, a 25% reduction was applied subject's land value for being restricted to boat-only access.

Respondent provided additional information concerning three (3) waterfront sales of Priest Lake parcels to compare with subject. The sales took place in 2012, 2014 and 2015. One (1) of the sales was a vacant parcel, which consisted of 110 waterfront feet and sold for \$538,000,

or \$4,891 per front foot. The remaining sales involved improved parcels which contained frontage of 75 and 150 front feet, sale prices were \$315,460 and \$390,720. After extracting the assessed values of the associated improvements, Respondent calculated land value residuals of \$302,460 and \$377,720, or \$4,033 and \$2,518 per front foot. Subject contains 305 front feet the BOE valued at \$1,000 per front foot.

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. Respondent further remarked sales involving a government entity are invalid for market value purposes.

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.

Appellant argued subject's assessment should be lower based on its location, topography, restricted access, and purchase price at auction. Details were provided regarding the boat-in only constraints. Appellant also explained subject can only be accessed by boat approximately three (3) months per year due to shallow depth or strong currents. While we understand Appellant's position, lacking in the record was market data to support a lower valuation. Respondent reduced subject's land value by 25% to account for its difficult access. Appellant did not demonstrate or offer adequate support for a different adjustment factor. Overall, the Board found Respondent's consideration of subject's unique characteristics reasonable and appropriate.

Appellant contended subject's land value should match the price paid at auction in 2014, whereas Respondent found the auction sales invalid and argued they should not be used to set land values. While subject's purchase price might be an indicator of land value, this alone is not enough to rely on, as market value is typically established through consideration of multiple sales of comparable property, not simply the purchase price of an individual property.

Respondent provided information on three (3) lakefront sales located on Priest Lake. Respondent reported subject was compared to properties with similar detriments. One (1) of the sales was a vacant parcel, and the remaining two (2) were improved properties. Front foot values ranged between \$2,518 and \$4,891. Subject's land value rate is substantially lower than all of Respondent's sales, which further points to Respondent's careful consideration of the subject property.

In appeals to this Board, pursuant to Idaho Code § 63-511, the burden is with the Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. The burden of proof was not satisfied in this instance. We do not find sufficient evidence to disturb the assessed value set by the Board of Equalization.

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 21st day of February, 2017.