

BEFORE THE IDAHO BOARD OF TAX APPEALS

GEORGE AND REBECCA THORNTON,)	
)	
Appellants,)	APPEAL NO. 17-A-1018
)	
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. RPC005900000AGA. The appeal concerns the 2017 tax year.

This matter came on for hearing September 12, 2017 in Sandpoint, Idaho before Hearing Officer Travis VanLith. Appellant George Thornton was self-represented. Chief Deputy Assessor Al Ribeiro represented Respondent.

Board Members David Kinghorn and Leland Heinrich join in issuing 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 \$43,945, and the improvements’s value is \$387,930, totaling \$431,875. Appellants contend the correct total value is \$345,000.

The subject property is a .96 acre parcel situated inside the city limits of Clark Fork, Idaho. The property is improved with a residence originally constructed in 1927. In 2005 and 2006, the majority of the old residence was removed and a new two-story residence

was constructed. The total gross living area of the current residence is 4,186 square feet. Subject is further improved with an attached 1,176 square foot garage.

Appellants provided an independent fee appraisal report with a July 20, 2016 effective date of valuation. The fee appraisal considered information regarding three (3) improved residential property sales and one (1) active listing. The sale properties ranged in lot size from 1.34 to 2.56 acres and the residences ranged in size from 1,821 to 3,316 square feet. The sale residences also had fewer bedrooms and bathrooms than subject. Sale prices were between \$280,000 and \$385,000, which after adjustments for square footage, lot size, garages, and site improvements, yielded adjusted sale prices between \$324,896 and \$358,264.

Respondent pointed out Appellants' appraisal also included a value estimate of \$451,621 using the cost approach, which was noted to be similar to subject's current assessed value. Appellants stressed the appraisal considered the cost approach but such approach was not the primary basis for the appraisal's value conclusion. Appellants also argued the cost approach was not a reliable indicator of value because construction costs fluctuate greatly.

Respondent separately considered subject's land and improvement values and offered sales information for each component. In support of subject's land value, Respondent presented three (3) sales from Clark Fork. The sale properties were all improved with various residential and outbuilding improvements. Respondent removed the assessed values of the associated improvements from each of the sale prices in an effort

to estimate the values of the underlying lots. Respondent further adjusted the sales for lot size because the sale lots were smaller than subject's lot. Sale prices ranged from \$79,000 to \$187,500, which after adjustments ranged from \$53,122 to \$61,477. Subject's land value is \$30,945, which Respondent noted was lower than the value indicated by the sales.

In similar fashion, Respondent offered information concerning three (3) improved sales in support of the value of subject's residence. Sale prices ranged from \$345,000 to \$463,500. Respondent deducted the assessed values of the sale lots and other improvements from the sale prices to arrive at the residual values of the residences. The sale residences and associated garage improvements were smaller than subject, ranging from 3,091 to 3,739 square feet, and from 576 to 598 square feet, respectively. Respondent adjusted the sales for these size differences, which resulted in adjusted sale prices between \$354,990 and \$387,188.

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, 2017 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 three (3) primary approaches to value include the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach, which considers information concerning recent sales of similar type property.

Both parties offered information relevant to the sales comparison approach. Appellants provided an independent fee appraisal approach from mid-2016. The cost approach was considered, however, the appraisal relied primarily on the value conclusion reached using the sales comparison approach. Though the Board appreciated the information, there were some concerns with the comparability of the sale properties to subject. While the sale properties were located in Clark Fork, all of the sale lots and sale residences were notably smaller than subject, thus requiring some rather large adjustments. Of greater concern, however, were the dates of sale and the lack of time adjustments. One (1) sale occurred in mid-2015 and another was under contract in January 2015 and eventually closed February 2016. The remaining sale from July 2016 was more timely, however, it was the least comparable to subject and required the greatest

amount of adjustment. Where the controlling date of valuation in this appeal is January 1, 2017, the Board would have preferred more recent sales, or adjustments for date of sale (time) to better reflect current price levels in the market.

The Board likewise appreciated the sales information provided by Respondent, though there were also some questions regarding how well the sale properties compared to subject. The most notable concern was none of the sales used to support the value of subject's residence were located in Clark Fork. Respondent stated the location differences were factored into the analysis, but it was unclear exactly how this key value component was accounted for. That being said, the sales used for both the land and improvement values were generally comparable to subject in many important respects, and the adjustments made to the sale prices appeared reasonable on an overall basis.

Idaho Code § 63-511 places the burden on Appellants to demonstrate subject's value is erroneous by a preponderance of the evidence. Given the information provided by both parties, we do not find this burden satisfied. Though the Board identified some concerns with the sales offered by both parties, Respondent's sales information was more recent and required fewer adjustments, and therefore was more reflective of subject's value on January 1, 2017.

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 2nd day of November, 2017.