

BEFORE THE IDAHO BOARD OF TAX APPEALS

CARRIE AND RICHARD KOWALIK,)	
)	
Appellants,)	APPEAL NO. 17-A-1064
)	
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. RP054040000430A. The appeal concerns the 2017 tax year.

This matter came on for hearing September 28, 2017 in Sandpoint, Idaho before Hearing Officer Cindy Pollock. Richard Kowalik appeared at hearing for Appellants. Assessor Jerry Clemons represented Respondent.

Board Members David Kinghorn, Leland Heinrich and Kenneth Nuhn join in issuing 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 assessed land value is \$732,265, the main improvements' value is \$579,690, and other improvements' value is \$11,880, totaling \$1,323,835. Appellants contend the correct land value is \$249,003, the main improvements' value is \$542,860, and other improvements' value is \$4,000, totaling \$795,863.

The subject property is a .76 acre parcel which enjoys 165 front feet on the east side

of Priest Lake. The improvements include a 5,600 square foot residence and boat docks. Subject is located in the 1st Addition Diamond Park subdivision in or near Coolin, Idaho.

Appellants explained subject's assessed land value increased 22% for 2017, which equated to a \$1,200 per front foot increase. Further, Appellants noted the per front foot value was \$1,438 more than neighboring properties, which were said to have similar topography and shoreline compared to subject.

Appellants described subject as having a double traversing driveway, which cuts across the lot twice to provide access to subject and the neighboring property. The driveway development was due to the steepness of the subject lot and the rocky shoreline. Appellants contended subject's land should be rated "fair" versus Respondent's determination of "average".

Appellants provided a list of properties which sold at auction. The average per-front-foot prices from these sales was used to derive a median front foot rate of \$3,417.97. Appellants applied this rate to subject's 165 front feet and calculated a land value of \$563,965.

In commenting on neighboring properties' shoreline ratings, Respondent reported ratings for the subject property, as well as two (2) neighboring properties were re-evaluated. Respondent changed the ratings for the neighboring properties to "fair", while subject's was left at "average".

Respondent explained in 2016 a matrix was developed to account for the different lot characteristics and to expand the land study to include all known validated sales which

took place from 2013 through 2015. The matrix accounted for two (2) characteristics which had the greatest effect on value; beach type and lot topography. All lots were analyzed based on these characteristics and given an overall site rating of “fair”, “average” or “good”. The sales study also identified four (4) separate market areas on the lake. Based on the sales, Respondent noted the land values were under market value, and therefore moved the base rates for “average” waterfront up by 35%.

Respondent analyzed three (3) sales of similarly graded waterfront parcels in subject’s same neighborhood (market area). The sale lots had between 78 and 160 waterfront feet, and the prices ranged from \$543,750 to \$1,000,000. After extracting the assessed values of the associated improvements, and making appraisal adjustments for differences compared to subject, Respondent calculated land value indications between \$751,970 and \$847,440, or from \$4,696 to \$5,136 per front foot. Respondent contended subject was fairly assessed at \$4,359.

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. There are three (3) approaches to value, the sales comparison approach, the cost approach, and the income approach. Residential property like the subject is commonly valued using the sales comparison approach, which considers the market pricing information from multiple, recent sales of similar property.

Appellants suggested subject’s land rating should be changed from “average” to “fair”. They contended subject’s steep topography and rocky beachfront warranted a lower rating. Appellants also stressed the shared switchback access road was a negative influence on value. Respondent maintained the sales data did not show notable price differences for sites with access easements or shared roads. Further, Respondent reported reevaluating subject’s land rating and determined an overall “average” rating was accurate. Based on the information in record, the Board did not find enough evidence to support moving subject’s land rating to “fair”.

Appellants provided a list of auction sales, though sale dates and other pertinent information was notably missing. Therefore, minimal weight was given to this information.

Respondent provided information on three (3) lakefront sales located in close proximity to subject. Respondent extracted the improvement values to determine the

residual front foot rates or values for the land. The sale properties were all of “average” land grade ratings. After adjustments for differences, and removing the value of the improvements from the sale prices, the indicated land values ranged from \$4,557 to \$5,136 per front foot. Subject’s lot (the bare land) is assessed at \$4,359 per front foot.

In appeals to this Board, the burden is with Appellants to demonstrate error in subject’s assessed value by a preponderance of the evidence. Idaho Code § 63-511. Given the record in this case, we did not find the burden of proof satisfied. Respondent’s sales information and analysis of subject’s area was found to be thorough and appraisal like. The Board found this information to be the best market evidence in record of subject’s land value and the assessed value conclusion appeared well-supported and in line with market pricing. Accordingly, 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 28th day of November, 2017.