

BEFORE THE IDAHO BOARD OF TAX APPEALS

GARY FOUNTAIN,)	
)	
Appellant,)	APPEAL NO. 17-A-1266
)	
v.)	FINAL DECISION
)	AND ORDER
BENEWAH COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Benewah County Board of Equalization modifying the protest of valuation for taxing purposes of property described by Parcel No. RP46N02W170400A. The appeal concerns the 2017 tax year.

This matter came on for hearing October 27, 2017 in St. Maries, Idaho before Board Member Kenneth Nuhn. Appellant Gary Fountain was self-represented. Assessor Donna Spier 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 property.

The decision of the Benewah County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$100,831, and the combined value of the improvements is \$230,400, totaling \$331,231. Appellant contends the total value is \$300,000.

The subject property is a five (5) acre rural residential tract situated northwest of St. Maries, Idaho with approximately 280 front feet on the St. Joe river. The property is improved with a 1,949 square foot residence constructed in 2014. The single level

residence consists of three (3) bedrooms and two (2) bathrooms, and includes an attached garage. Other improvements include a small barn built in the 1940s and a small tool shed. Respondent also reported adding a 600 square foot pole building to subject's current assessment with a value of \$5,600. At hearing it was learned the pole building does not exist, so Respondent requested the associated value be removed from subject's assessment.

Appellant described some various inaccuracies and inconsistencies with subject's property record and assessments dating as far back as 2006. Some of these concerns related to the occupancy of the residence at the time of completion in 2014 and the homeowner's exemption. A partial homeowner's exemption was granted for tax year 2014 and a full exemption for 2015. The exemption was removed for 2016 and was not granted for the current tax year. Some letters and other correspondence were provided in an attempt to explain why Appellant has not recently occupied the subject property on a full-time basis. In short, Appellant contended the homeowner's exemption should have been granted for the current 2017 tax year.

Turning to the question of subject's current market value, Appellant provided a couple pages from a fee appraisal report prepared in mid-2014. Appellant highlighted a summary-type page which reported some median sale prices. Appellant calculated an average price of \$295,000 from these figures and contended subject should be valued similarly.

Appellant also challenged subject's assessed land value. According to Appellant

roughly two (2) acres of subject is in a FEMA-designated flood plain, which was argued to diminish the land value. Appellant further explained an Indian tribe owned the shores of the St. Joe river above St. Maries in subject's neighborhood, which meant property owners along this portion of the river did not have control over the river front portions of their land. Appellant noted this limited development options and contended land values in the area were negatively impacted as a result.

Respondent acknowledged the tribe's ownership of the riverbanks and explained assessed values in the area are less than along other stretches of the river as dictated by market sales. It was also explained the Benewah County Board of Equalization reduced subject's land value by \$70,000 to account for the flood plain issue.

Respondent noted in prior years a 19% reduction was applied to all residential improvement values throughout the county due to poor market conditions. For 2017, the adjustment factor was reduced to 5%, which caused values to increase. Respondent reported 69 residential sales during 2016, seven (7) of which were properties situated along the St. Joe river. The sale residences varied in size from 924 to 3,610 square feet, and were constructed between 1967 and 2001. Frontages along the river varied from 100 to 240 front feet and sale prices ranged from \$105,000 to \$399,500. In Respondent's view, these sales supported subject's current assessed value.

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) methods for determining market 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). The sales comparison approach, which considers information concerning recent sales of similar property, is commonly used to estimate the market value of residential property.

Appellant’s first issue centered on the subject property not receiving a homeowner’s exemption for 2017. The homeowner’s exemption was granted for 2014 and 2015, however, was removed for 2016 and did not appear on subject’s 2017 assessment. The record does not indicate the homeowner’s exemption issue was heard by the Benewah County Board of Equalization (BOE), or that an appeal was even filed with the BOE regarding the exemption. This Board does not have jurisdiction over a matter not first

appealed to the BOE. Idaho Code § 63-511. As such, the issue is not ripe for consideration here and we decline to address the matter further.

On the question of subject's market value, Appellant outlined some detriments associated with the property and also provided an excerpt from an independent fee appraisal prepared in June 2014. Appellant pointed to a portion of the appraisal which indicated an average price of \$295,000 for properties broadly described as comparable to subject. Upon closer review, the noted average purchase price was calculated by Appellant from a summary table which listed median sale prices for properties which sold within the twelve (12) months preceding the appraisal date. Details concerning the properties used in the summary table were absent and there were no direct comparisons to subject. The next two (2) pages of the excerpt, however, did reveal the properties actually used to estimate subject's market value. Three (3) sales and two (2) active listings were utilized and adjustments were made for purposes of direct comparison with subject. The appraisal concluded a market value for subject of \$350,000 using the sales comparison approach, and a value of \$340,434 using the cost approach. The appraisal concluded a total value of \$350,000 for subject. Though interesting, the Board did not place much weight on this information because it was from 2014, which makes it rather stale for purposes of determining subject's current market value.

As for the detriments described by Appellant, specifically the fact roughly two (2) acres of the subject property sit in a flood plain, we find such issues were adequately addressed by the BOE. Subject's land value was reduced by \$70,000, which appears

reasonable in the Board's view, particularly given no evidence was offered to support a further reduction.

While Respondent did not attempt a traditional sales comparison approach analysis wherein comparable sales were directly compared to subject and value adjustments were made for differences, the sales information provided was the only current market data in the record. The Board would have preferred a more thorough consideration in this regard, however these sales were the only timely market data offered and did provide some support for subject's current assessed value.

Though the Board agrees with the assessed values placed on subject's primary property components, we did find an adjustment is warranted for the value assigned to a pole building. After testimony by Appellant and Respondent's review of certain information at hearing, it was clear the pole building, with an assessed value of \$5,600, does not exist on the subject property. As such, an adjustment for this error will be made.

Idaho Code § 63-511 places the burden of proving error in subject's assessed value by a preponderance of the evidence on Appellant. Given the lack of market data to support a further reduction in subject's valuation, the Board did not find sufficient cause to disturb the current assessment, other than to remove the value attributable to the non-existent pole building.

Given the above, the decision of the Benewah County Board of Equalization is modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Benewah County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a land value of \$100,830, and a combined value for the improvements of \$224,801, or a total value of \$325,631.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 24th day of January, 2018.