

BEFORE THE IDAHO BOARD OF TAX APPEALS

RICK AND PHYLLIS WASHBURN,)	
)	
Appellants,)	APPEAL NO. 17-A-1019
)	
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. RP59N01W279150A. The appeal concerns the 2017 tax year.

This matter came on for telephonic hearing January 4, 2018 before Hearing Officer Cindy Pollock. Rick Washburn represented Appellants at hearing. Chief Deputy Assessor Al Ribeiro 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 a rural residential property.

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

FINDINGS OF FACT

The assessed land value is \$99,417, and the improvements' value is \$13,540, totaling \$112,957. Appellants agree with the value of the improvements, however, contend the correct land value is \$63,000, and the total value is \$76,540.

The subject property is a 9.094 acre rural residential tract located in the Upper Samuels area, north of Sandpoint, Idaho. The property is improved with a roughly 1,200

square foot pole building constructed in 2015.

Appellants questioned subject's roughly 30% increase in land value for the 2017 assessment year. Appellants reported monitoring the local market in recent years and have not seen any properties sell near \$10,000 per acre, but instead have found prices in the \$6,000 to \$8,000 per acre range. Appellants provided assessment information concerning five (5) properties in subject's general area. The compared lots varied in size from five (5) to twenty (20) acres and a couple were improved with modular homes and outbuildings. These properties assessed land values ranged from \$13,896 to \$46,647. Appellants highlighted a five (5) acre property with similar land characteristics as subject where the land was assessed for \$28,352, or \$5,670 per acre, and argued subject's land should be valued the same. Respondent noted most of the properties referenced by Appellants received a "timber exemption" for 2017, so the land assessments were not at market value.

Appellants were also concerned with the \$13,000 added to subject's land value for site improvements. Appellants stated the work done to subject did not cost \$13,000. Respondent explained the \$13,000 for site improvements is a standard value used for all improved properties in the county. Respondent maintained this value was appropriate for subject because the property does have utilities and some site preparation work has been finished.

Respondent reported there were no recent vacant land sales in subject's area, so instead provided information concerning three (3) improved sales. Two (2) of the sale

properties were located less than one (1) mile from subject. The 6.56 and 11.35 acre parcels sold for \$347,000 and \$350,000, respectively. After removing the values of the associated improvements, residual land price indications were \$148,240 and \$131,630, respectively. A further adjustment was applied to each sale to account for the variance in size compared to subject, resulting in adjusted land prices of \$152,815 and \$125,540. The final sale property was located roughly two (2) miles from subject in a different market area. This improved parcel was 5.32 acres in size and sold for \$229,900, or \$76,260 after improvement values were removed. This sale was adjusted for its smaller size, as well as inferior location compared to subject. The adjusted land price was \$133,078. On a like basis, i.e. as bare land, subject's assessed land value is \$86,417.

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 sales comparison approach, the cost approach, and the income approach represent the three (3) methods for determining market value. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is often valued using the sales comparison approach.

Appellants provided assessment information related to several properties located in subject's general area and contended subject's value should be reduced accordingly. While we understand Appellants' position, a comparison of assessed values is not a recognized appraisal approach. Even if such were not the case, it was not clear how comparable the properties chosen by Appellants were to subject. Some of the compared properties were noted to be improved with modular homes, though specific details were not provided. Also, many of the referenced properties's acres were assessed as forestland and are therefore assessed notably less than market value, a use exemption being in place. There were just too many missing details and other questions for the Board to draw any reliable conclusions from the assessment information offered.

Appellants also expressed concern with the \$13,000 onsite improvement value included with subject's land value. Respondent explained all improved parcels in the county receive the same \$13,000 value for onsite improvements. It was noted the actual cost may be more or less to add site improvements to a particular parcel, however, the available sales data suggested only a \$13,000 premium for a lot with site improvements

versus a lot without. Because subject does have utilities and some site preparation work has been completed, the Board finds no error in including the standard site improvement value in subject's land assessment.

Pursuant to Idaho Code § 63-511, Appellants bear the burden of proving error in subject's valuation by a preponderance of the evidence. Given the information presented, we did not find the burden of proof satisfied here. Appellants focused on assessed values of other properties, which is not a recognized method for estimating market value. Respondent, on the other hand, offered three (3) sales in support of subject's land value. Though the Board had some concerns with the sales provided, particularly the fact they were all improved, Respondent did make adjustments to extract improvement values, and the sales did represent the only recent market data in the record. As such, the Board found sufficient cause to leave subject's assessed value unchanged.

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 20th day of February, 2018.