

BEFORE THE IDAHO BOARD OF TAX APPEALS

BONNER COUNTY ASSESSOR,)	
)	
Appellant,)	APPEAL NO. 18-A-1028
)	
v.)	FINAL DECISION
)	AND ORDER
THOMAS AND ANN SIEBERT,)	
)	
Respondents.)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bonner County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RP00476000040A. The appeal concerns the 2018 tax year.

This matter came on for hearing October 17, 2018 in Sandpoint, Idaho before Board Member Kenneth Nuhn. Assessor Jerry Clemons represented Appellant. Thomas Siebert appeared for Respondents.

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 Bonner County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$193,600, and the improvements' value is \$24,320, totaling \$217,920. Appellant agrees with the value of the improvements, however, contends the correct land value is \$374,200, for a total value of \$398,520.

The subject property is a .456 acre parcel with 100 front feet on Lake Pend Oreille, in or near Sagle, Idaho. The property is located on a peninsula along with nine (9) other parcels used primarily for recreational purposes. Subject is improved with a roughly 500 square foot cabin

constructed in 1955, a bathhouse, a shed, and a boat dock.

Appellant-Assessor detailed some recent assessment history concerning the subject property. Prior to the 2017 assessment year, subject received a downward 50% adjustment to the land value because the property did not conform to setback requirements; meaning it was ineligible for a traditional sewer or septic system. For 2017, Appellant removed the 50% adjustment because it was learned subject had a grandfathered waste disposal system which allows for a bathhouse, grey water disposal, and an incinerator toilet. In Appellant's view, subject was "buildable" so the adjustment should be removed. The Bonner County Board of Equalization (BOE) however determined subject should receive an adjustment, so ordered such for the current 2018 tax year.

In initially determining subject's market value for 2018, Appellant referenced two (2) sales in the general area. On appeal, details concerning the sale properties were not shared, however, Appellant concluded waterfront values in the neighborhood were too high, so reduced such values by 30%. In addition, Appellant removed the 50% septic adjustment from subject's assessment. The BOE disagreed with this latter action and adjusted subject's value downward to reflect subject being a non-conforming parcel.

Appellant reported a conversation with a manager from Panhandle Health District, who indicated in the event subject's cabin were destroyed or demolished, a new cabin could be constructed as long as the new structure had the same number of bedrooms and did not impact the existing waste disposal system or potential future replacement system. Further, because subject does have grey water disposal and the ability to support an incinerator toilet, it was argued the property should not receive a 50% septic adjustment, which according to Appellant's

internal office policy is reserved for parcels with no waste disposal capability.

Respondents disagreed with Appellant's characterization subject is not limited. Respondents provided a letter from Panhandle Health District dated June 29, 1993 which stated, "[the subject property] does not meet the set back [sic] requirements from surface water for a subsurface sewage disposal system." Respondents further explained an incinerator toilet is not feasible because such a system costs upwards of \$50,000. In Respondents' view, an incinerator toilet is not a realistic option.

Respondents also made reference to a nearby property which recently sold. Physical characteristics for the sale property were not offered, though Respondents characterized the parcel as similar to subject; particularly in terms of septic restrictions. Respondents reported a sale price rate of \$1,900 per front foot, which was suggested to represent typical pricing for restricted parcels in the immediate area. Respondents further provided assessed land values for the other parcels situated on the peninsula and noted subject's land value was more than double the value of these other lots. According to Respondents, the other parcels on the peninsula were restricted similarly to subject, so the disparate land values were troubling.

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 the testimony and documentary evidence submitted by the parties, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2018 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).

Neither party offered a detailed appraisal of subject’s current market value. In fact, the parties only briefly referenced that some sales had recently occurred in the area. Instead, the central issue is whether the adjustment granted by the BOE was proper. We find no error in the BOE’s adjustment.

Subject is certainly limited in its development potential. As a non-conforming parcel additional improvements or expansion of existing improvements are not possible. Further, as highlighted in the letter from Panhandle District Health, subject does not meet the setback requirements from surface water for a subsurface sewage disposal system. Appellant-Assessor contended a sewage disposal system limitation could be remedied by installing an incinerator toilet. While purchasing and installing such a system is possible, the associated costs are deemed here to be prohibitive or unrealistic. Respondent reported an incinerator toilet costs as much as \$50,000. In the Board’s view, this condition warrants some consideration in subject’s valuation.

While subject’s limitations are obvious, as are many of its pluses, it was not clear why subject’s proposed land value is notably higher than any other parcel on the peninsula. Indeed,

the next highest land value in the area is \$196,190 for a .55 acre parcel situated four (4) lots from subject. And the land value of an adjacent parcel to the west of subject is \$194,280. Admittedly the record was not well developed on this issue, however, on its face it appears subject was originally assessed by Appellant-Assessor inequitably compared to other parcels in the immediate neighborhood. Respondent characterized the neighboring parcels as highly similar to subject in terms of size, water frontage, and limited utility. As such, one would expect the assessed land values to be more similar. More information concerning the neighboring properties would have been helpful in explaining why subject's proposed land value is roughly double every other parcel on the peninsula.

The burden rests with Appellant to demonstrate error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. We did not find the burden of proof satisfied in this instance. Appellant provided no sales information to support the requested value, arguing instead that an office policy regarding "nonbuildable" parcels does not apply to subject. While subject's situation may not fit squarely within Appellant's office policy, it is clear from the record before us that the property is limited similar to the other parcels situated on the peninsula. And where the other peninsula parcels received beneficial valuation treatment to account for their limitations, we find subject should receive a similar treatment. In this regard, the BOE's adjustment appears fair and reasonable.

Given 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 December, 2018.