

BEFORE THE IDAHO BOARD OF TAX APPEALS

HENRY MADSEN,)	
)	
Appellant,)	APPEAL NO. 18-A-1247
)	
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 an appeal of the valuation for taxing purposes on property described by Parcel No. RP004500100120A. The appeal concerns the 2018 tax year.

This matter came on for hearing October 19, 2018 in St. Maries, Idaho before Board Member Kenneth Nuhn. Appellant Henry Madsen 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 waterfront parcel.

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

FINDINGS OF FACT

The assessed land value is \$157,500, and the improvements' value is \$5,810, totaling \$163,310. Appellant contends the correct land value is \$143,000, and the improvements' value is \$5,000, totaling \$148,000.

The subject property is a .66 acre lot situated on the banks of the St. Joe River, near St. Maries, Idaho. Subject has 140 front feet of water frontage and is improved with a 336

square foot storage shed, and a 160 square foot pier dock.

Respondent explained the dock is actually valued as a pier at \$2,070, which was said to be less value than would apply to a dock. Respondent noted this a common improvement to other properties in the area. Regarding the storage shed, an assessed value of \$3,740 was placed on this improvement. The shed was assessed as average construction and in good condition. Appellant did not dispute the assessed value of the non-residential improvements after Respondent's explanation of their valuation.

Appellant argued calculating value based on the amount of river frontage is an arbitrary and capricious means of valuing property. In Appellant's view, subject's actual property characteristics were not taken into consideration. Appellant explained the only changes made to the property was the removal of a pole building, and the addition of a temporary 14' x 24' storage shed, and a 10' x 10' pier/dock, yet the assessed value increased. Appellant also argued Respondent failed to take into consideration that subject is significantly impacted by an access easement for the neighboring lot. There are also restricted options for a building site due to this easement and two (2) levees which protect the property from flooding.

Respondent explained subject saw an increase in assessed value related to a prior decision by this Board which had reduced subject's value. The prior reduced value was held in place for two (2) years. As sales continued to take place since the prior decision value was fixed, Respondent saw an increasing price trend for river properties. It was explained subject's assessed land value needed to be increased to be consistent with the

recent sales activity.

Subject's land was valued as bare land with no utilities present. In support of the land value, Respondent offered information from two (2) riverfront sales in 2017. The sale properties were located near subject and involved vacant buildable sites. The sales contained water frontages of 100 and 74 front feet. Sale prices were \$70,000 and \$127,000, or \$700 and \$1,716 per front foot, respectively. On a like basis, subject's 2018 assessment reflected a value rate of \$900 per front foot.

Respondent explained because riverfront property experiences large fluctuations in value, sales were examined over the last three (3) years. Here there were four (4) bare land sales reported which showed a median sale price rate of \$892 per front foot. Respondent contended this additional sales information further supported subject's land assessment at \$900 per front foot.

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, 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. There are three (3) approaches to value, the sales comparison approach, the cost approach, and the income approach. Residential property is often valued using the sales comparison approach, which generally considers the information from recent sales of similar property.

Appellant asserted subject's assessed land value was arbitrary and capricious because it was based solely on a front foot method of mass appraisal. Appellant argued all of subject's individual characteristics were not taken into consideration. However, Appellant failed to provide market sales information or other analysis to support the requested value.

Respondent explained subject's valuation and assessment in detail. The valuation of the improvements was supported and Appellant did not disagree with these values. Moving to the land valuation, Respondent provided information on two (2) 2017 sales of vacant sites to support subject's land valuation. These sale prices indicated price rates of \$700 and \$1,716 per front foot. Respondent explained as recreational markets fluctuate so much, sales for the past four (4) years were also considered. The median price rate of these sales was \$892 per front foot.

Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. Respondent relied on sales located

in subject's immediate area. The Board found Respondent's consideration of subject's market value thorough and supported. Respondent's analysis factored in 2017 sales similar to subject, as well as an analysis of older sales to determine subject's land value. Appellant did not provide an appraisal or other market information for the Board to consider and therefore has failed to satisfy the requisite burden of proof.

Based on the evidence and record in this matter, the decision of the Benewah County Board of Equalization is affirmed.

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, AFFIRMED.

DATED this 24th day of January, 2019.