

BEFORE THE IDAHO BOARD OF TAX APPEALS

MARK AND KIM LARSON,)	
)	
Appellants,)	APPEAL NO. 18-A-1027
)	
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 an appeal of the valuation for taxing purposes on property described by Parcel No. RP59N01W194900A. The appeal concerns the 2018 tax year.

This matter came on for telephonic hearing on November 26, 2018 before Hearing Officer Cindy Pollock. Appellant Mark Larson 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 rural residential property.

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

FINDINGS OF FACT

The assessed land value is \$25,212, and the improvements' value is \$61,396, totaling \$86,608. Appellants contend the correct land value is \$15,512, and the improvements' value is \$12,000, totaling \$27,512.

The subject property is situated approximately 6.5 miles north of Sandpoint, Idaho. The parcel has nine (9) acres of land area. Eight (8) of the acres were granted a timber

exemption and valued at \$872. The remaining acre was valued as a residential homesite at \$24,340. This latter homesite value includes a contributory value of \$13,000 for certain onsite improvements. The residence is under construction and is not completed.

Appellants purchased the subject parcel in 2005 for \$25,000. They maintained subject's one (1) acre homesite is erroneously valued and further that the remaining acres, granted the timber exemption, are over-valued as well.

Since the purchase of the subject land, Appellants have been constructing a residence on the property. Appellants maintained the residence is 13% complete as of January 1, 2018. Appellants provided a completion survey prepared by a construction company wherein subject was calculated as 13% finished. Appellants argued subject's improvements value is \$19,953.70 based on this percent complete estimate.

Respondent disagreed with aspects of Appellants' percentage complete estimate. Specifically, the calculation did not give value to plans, permits, surveys, excavation, forms, water/sewer hookup, and rough framing. In Respondent's opinion this resulted in a gross underestimation of the time and materials already invested in the structure. Respondent estimated the dwelling was 40% complete as of January 1, 2018. Photographs were provided to depict the degree of completion.

In support of subject's current assessment, Respondent offered information on four (4) vacant land sales from 2017 with the same land grade as subject. Three (3) of the sales were located less than one (1) mile from subject, with the remaining sale located approximately five (5) miles from subject. Land sizes ranged from 4.34 to 5.10 acres.

Respondent noted all four (4) sales were adjusted for size in comparing them with the subject site. After adjustments, the sale prices ranged from \$46,323 to \$61,734. In Respondent's view, subject's land value is well supported by these sales. Appellants argued the sales were not similar to the subject property.

As for the value assigned to subject's forest land acres, Respondent explained the Idaho State Tax Commission had raised the timber land values. This caused subject's forest land value to increase \$40 over the prior assessment.

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 or value. 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. *Merris v. Ada County*, 100 Idaho 59, 63, 593

P.2d 394, 398 (1979). The sales comparison approach is often used to estimate the value of residential property. A cost approach analysis is often considered where new construction is involved.

Respondent provided information relevant to the sales comparison approach with respect to subject's homesite value. For the value of the residence, Respondent relied on the cost approach valuing the improvements as 40% complete. Appellants maintained the residence was just 13% complete and thus should have a lower value. In the record we found Respondent more accurately accounted for the total investment and value of the improvements, considering the cost and value of plans, permits, surveys, excavation, forms, water/sewer hookup, and rough framing, all of which Appellants' analysis did not reasonably recognize.

Pursuant to Idaho Code § 63-511, Appellants bear the burden of proving subject's valuation is erroneous by a preponderance of the evidence. The Board did not find that burden satisfied here. Respondent explained the various components of subject's assessment and provided recent market data to support the land value. The record was also clear as to how Respondent calculated the residence's value and completion percentage. In all, subject's assessed values were demonstrated to be supported and fair, applying recognized appraisal methods. Appellants were not found to have presented superior valuations. 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 15th day of February, 2019.