

Appellants argued subject's residence was assessed higher than comparable residences in the neighborhood and larger Bonner County. Appellants compiled assessment data into three (3) charts in an effort to demonstrate inequitable assessment. The first chart was restricted to two (2) bedroom, two (2) bathroom residences from subject's immediate neighborhood with the same grade and quality ratings as the subject residence. Subject's residence was shown to be valued roughly \$50,000 above the trend line.

Appellants' other two (2) charts considered information from broader Bonner County. The first plotted assessments of two (2) bedroom, two (2) bathroom dwellings with the same grade and quality ratings as subject, and also within 300 square feet in size. This analysis suggested subject's residence was valued roughly \$40,000 higher than the trend line. The final graph included all two (2) bedroom, two (2) bathroom residences in the county with the same grade and condition ratings as subject. The analysis showed subject's assessed value roughly \$50,000 higher than the trend line.

In a separate analysis, Appellants compared five (5) sale prices with their respective assessed values. Most of the sale properties reportedly sold several times dating as far back as 2004. In each instance the assessed value was lower than the sale price, which raised questions of under-assessment in Appellants' view.

Appellants additionally offered an independent fee appraisal report connected with subject's purchase in April 2017 for \$319,200. The appraisal considered six (6) sales from 2016 and 2017 and made adjustments for purposes of comparison to subject. The appraisal concluded a value of \$322,000 for subject.

Respondent explained subject's neighborhood was trended upward for the 2019

assessment year based on sales information which indicated values had climbed over the prior year. Specifically, Respondent applied a 30% upward trend to land values in the neighborhood and a 27% upward adjustment to improvement values. Offered testimony provided that all parcels in the neighborhood saw these increases for 2019.

As for specific value evidence, Respondent offered information on three (3) improved residential sales and three (3) unimproved sales. The sale residences were generally similar to subject in terms of age, square footage, quality, and condition. The properties were not located in subject's immediate neighborhood and details concerning land sizes and other improvements were absent in the record. Sale prices ranged from \$355,000 to \$445,500. Respondent removed the assessed value of the land and other improvements from the respective sale price, leaving a residual price indication for each sale residence. To this, Respondent applied adjustments for residence size, garage size, and local cost modifier, where appropriate. Adjusted prices of the sale residences ranged from \$276,538 to \$357,983. On a like basis, subject's residence was assessed for \$269,113.

Respondent's land sales were located in subject's neighborhood. Sale No. 1 was a 9.43 acre parcel situated less than 400 feet from subject. The property sold for \$150,000 in May 2018. Sale No. 2, located .25 miles from subject, was a 9.7 acre parcel which sold in November 2018 for \$147,000. Sale No. 3 was a 1.15 acre parcel which sold in August 2018 for \$114,500. Onsite improvement values were removed from the respective sale price and further adjusted for size compared to the subject. The result was adjusted raw land prices of \$114,829, \$95,166, and \$108,260, respectively. Subject's assessed raw land value is \$101,484.

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 in fee simple interest, 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, 2019 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 income approach, and the cost approach represent the three (3) primary methods for estimating the market value of real property. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). Residential property is commonly valued using the sales comparison approach, which approach in general terms examines recent sales of nearby property and considers adjustments for physical and other differences compared to the subject property.

Appellants' primary concern centered on the assessed value of subject's residence compared to the assessed values of other similar residences. Appellants compiled both neighborhood and county-wide assessment data and plotted the information into several charts. In each chart, the value of subject's residence was above the trend line. Also

questioned was why the assessed values of five (5) referenced sales were lower than their respective sale prices. In short, Appellants contended subject was inequitably assessed compared to similar residences in both the local neighborhood and the county.

While the Board understands and appreciates Appellants' concern with potential inequitable assessment, we do not reach the same conclusion. In order to demonstrate inequitable assessment it is necessary to show subject was assessed differently than other properties within the same general property class. Such is not the case here as demonstrated by Appellants' own charts, which show numerous assessed values above and below the trend line. This is not a surprising result considering each property is unique even if it shares some common features with subject, such as bedroom and bathroom count. "Although uniformity in imposition of the tax burden is the goal, mathematical precision is, as a practical matter, impossible to achieve. 'Individual irregularities and inequality in taxation will always exist. It is a process which cannot be reduced to an exact science. The law does not require exactitude, but it does require uniformity.'" *Xerox Corp. v. Ada Cnty. Assessor*, 101 Idaho 138, 142, 609 P.2d 1129, 1133 (1980), quoting *Anderson's Red & White Store v. Kootenai Cnty.*, 70 Idaho 260, 265, 215 P.2d 815, 818 (1950). The record did not show subject was singled out or otherwise systematically discriminated against. In fact, Respondent offered testimony that land and improvement values were increased uniformly across subject's entire neighborhood. In short, we did not find subject was inequitably assessed.

Though Appellants did provide an appraisal of subject's market value, such was not a primary basis for petitioning subject's value be reduced. The appraisal estimated subject's value at \$322,000 in early 2017. Based on the record, values in the county have increased

since that time, so naturally subject's value might also have increased. The problem however, is the record is thin on the issue of market appreciation since 2017, or subject's likely change in value over that same period. As such, it was not possible to adjust the value estimate reached in the appraisal to bring it forward to the relevant assessment date. In all we did not find the appraisal particularly helpful in estimating subject's current market value.

Respondent's value evidence, which focused on recent sales, was better received by the Board. While the sales used to support the value of subject's residence were generally similar, none were located in subject's neighborhood. Respondent attempted to account for location by removing assessed land values from the respective sale prices, but this extraction approach fails to recognize the reality that location influences the value of not only the land, but also the improvements situated thereon. Location impacts overall value. This point was illustrated in Respondent's own adjustment analysis, which included removal of local cost modifiers from Sale Nos. 2 and 3. The respective local cost modifiers of 15% and 20% were neighborhood-specific adjustments and demonstrate that location does factor importantly in a specific property's valuation.

Despite the Board's concerns with aspects of Respondent's methodology, the sales information on the whole provided support for subject's current assessment. The land sales, which were located in subject's immediate neighborhood, were particularly supportive of subject's land value. In all, the Board did not find sufficient cause to disturb subject's current valuation.

Pursuant to Idaho Code § 63-511, Appellants carry the burden of proving error in subject's valuation by a preponderance of the evidence. We did not find the burden of proof

satisfied in this particular instance. For the reasons outlined above, the Board found Respondent's evidence and analysis to be the best indicator of subject's market value. As such, 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 19th day of December, 2019.