



foot residence constructed in 1975 and a covered carport. The property is further improved with a boat dock and boat lift.

Appellants' primary concern centered on subject's assessed value compared to the assessed values of two (2) waterfront parcels situated on either side of subject. The first referenced parcel was noted to be nearly double subject's lot size, at .63 acres. This site included 367 feet of waterfront. Despite the larger lot size and more frontage, Appellants pointed out the assessed land value was roughly \$15,000 less than subject's land value. The other referenced parcel was a .328 acre lot with 139 front feet on the lake. The assessed land value of this property was \$415,563, which was notably less than subject's land value of \$530,000. Appellants questioned how subject's land value could be higher than the neighboring parcels' despite the high degree of similarity in terms of lot topography and waterfront characteristics.

Appellants additionally referenced efforts to sell the larger of the above neighboring properties. It was reported the property was on the market for roughly four (4) years, but did not sell. In June 2015, the property was listed for sale with an asking price of \$599,900. Appellants contended the fact the property did not sell is strong evidence the value is less than the asking price, and questioned how the current assessed value could be more than the asking price. Respondents highlighted the listing information was from 2015 and explained the general real estate market has increased since that time, thus resulting in a current assessed value in excess of the asking price from several years ago.

In support of subject's current assessment, Respondent offered a couple different analyses. The first valuation model looked separately at subject's land and improvement

components and valued each individually. In this regard, three (3) sales were provided to support subject's land value and three (3) different sales for the value of the improvements. The sale properties used in the land value analysis were all located within roughly one (1) mile of subject. Two (2) of the sale properties were improved. The other was a vacant lot with 120 waterfront feet which sold for \$326,000. The improved properties, which enjoyed 101.4 waterfront feet and 244 waterfront feet, sold for \$451,500 and \$1,500,000, respectively. From these sale prices, Respondent removed the assessed values of unidentified improvements and assigned the residual values to the lots. The sales were further adjusted to account for differences in the amount of water frontage compared to subject. After these adjustments, Respondent determined adjusted land value indications of \$548,158, \$447,061, and \$483,510.

Turning to the value of subject's improvements, Respondent offered an analysis of three (3) improved sales. Sale prices ranged from \$345,000 to \$460,000. Similar to the above methodology, to isolate residence value, Respondent removed the assessed land and other improvement values from the respective sale prices. Further adjustments were made for differences between subject's residence and the sale residences, such as for age and square footage. The result was an indicated price range of \$234,399 to \$274,282 for the subject residence.

In Respondent's alternative analysis, subject was compared to three (3) improved sales on an overall basis. The sale residences ranged in size from 1,478 to 2,756 square feet and water frontage ranged from 100 to 119.42 front feet. The sale properties all included additional improvements, however, associated property details were not provided. Sale prices ranged from \$451,500 to \$720,000. Respondent adjusted each sale price for differences compared

to subject for items such as construction quality, condition, residence size, age, land value, and other improvement values. The analysis yielded a range of value from \$802,424 to \$879,497. Subject's assessed market value is \$824,462.

### 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 comprise the three (3) primary methods for determining the market value of real property. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach, which in general terms examines recent sales of similar property and considers adjustments for differences in property characteristics between subject and the sale properties, is routinely used to value residential property.

Appellants contended subject was inequitably assessed compared to two (2) adjacent

properties. Appellants focused on the lot size and number of waterfront feet of the neighboring parcels compared to subject's same measurements. Of particular concern was the adjacent parcel with 367 front feet on the water assessed \$15,000 less than subject despite subject having only 200 front feet. In Appellants' view, subject was valued differently than the neighboring parcels.

While Appellants' concerns about inequitable assessment are understandable, the evidence in this matter did not demonstrate subject was singled out or otherwise valued differently than similar property in the area. Indeed, the assessment records for subject and the two (2) properties referenced by Appellants show the first 100 front feet of each were assessed at \$3,141.50 per front foot. The remaining frontage for each parcel was valued at a lesser rate, which rate varied depending on the amount of excess frontage. The larger the excess frontage, the lower the assessment rate for that portion of the frontage.

In the Board's experience, such above valuation schedule is typical. It is commonly referred to as the law of diminishing returns, which in general terms provides that above a certain threshold the contributory value of additional frontage diminishes with each additional front foot. In this case, Respondent has determined 100 front feet to be the threshold number, which frontage is valued at the highest rate. The additional frontage is valued at a lesser rate depending on the number of additional front feet. In other words, subject was valued consistently and uniformly with the neighboring parcels. The reason for the different land values is because each parcel has differing amounts of water frontage.

It is important to note the Idaho Supreme Court's view on demonstrating inequitable assessment. "[A]n individual who claims that a selective assessment procedure had deprived

him or her of the protection guaranteed by the state constitutional requirement of uniformity of taxation must show a deliberate plan to discriminate based upon an unjustifiable or arbitrary classification.” *Xerox Corp. v. Ada Cnty. Assessor*, 101 Idaho 138, 144, 609 P.2d 1129, 1135 (1980). The evidence presented in this appeal did not demonstrate a deliberate plan to discriminate against subject or to otherwise assess the property differently.

A presumption of correctness attaches to the value determined by the assessor, and it is the burden of Appellants to demonstrate subject’s valuation is erroneous by a preponderance of the evidence. Idaho Code § 63-511. The Board did not find the burden of proof satisfied based on the record in this case. There was insufficient evidence to conclude subject was inequitably assessed or over-assessed. Because Appellants did not meet the initial burden of proof, we need not include a full discussion of Respondent’s value evidence, other than to say the sales information and accompanying analysis was generally supportive of subject’s current valuation.

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 6<sup>th</sup> day of January, 2020.