

replacements and about 30% of the exterior paneling which has cracks in it. Appellant obtained a quote to replace the windows for \$3,803. For the concrete removal and replacement, the bid totaled \$10,200.

Appellant offered information on one (1) sale in support of reducing subject's assessed value. The sale property was located 200 yards from subject and sold for \$600,000 in 2018. The property was sold in a furnished condition. Appellant provided a direct comparison of the sale to the subject property. It was noted the sale property was superior to subject in that it contained granite countertops, three (3) rock fireplaces, a larger patio/deck, three (3) master suites versus subject's one (1), four (4) bedrooms versus subject's three (3), one (1) more bathroom than subject and a view. Photographs of subject and of the sale property were provided. Appellant questioned how subject could be assessed for more than the sale property's purchase price.

Lastly, Appellant explained in the past three (3) years, only three (3) known custom homes had sold in subject's area. Sale prices were between \$368,000 and \$600,000. Further, Appellant argued when the \$500,000 price range is reached, buyers would prefer to purchase a home on the water rather than the golf course.

Respondent explained in 2011 a study was done which demonstrated a considerable reduction was needed to the values of land and improvements located in subject's golf course neighborhood. For years since, there were no sales but, in 2017 there were three (3) sales, which demonstrated it was time to remove most of the 2011 adjustments. In 2018, all county sales, including two (2) from subject's area, demonstrated the market was increasing and therefore prior year assessed values were increased again.

Respondent explained mass appraisal techniques are used to determine assessed values in all areas of Bonner County. It was reported subject's deferred maintenance issues were unknown and therefore not factored into this analysis.

For support of subject's current assessment, Respondent offered information on five (5) improved sales. Two (2) of the sales were located in subject's immediate area. The sale properties varied in the size of the living area from 1,803 to 3,374 square feet. Sale prices ranged from \$371,748 to \$1,550,000. Respondent did not directly compare subject to each sale property. Instead, assessed land values were removed from the sale prices in an effort to isolate the values attributable to the sale residences. Using this method, Respondent concluded a range of per-square-foot value for the residences from \$159 to \$220. On a like basis, subject's residence is assessed at \$171 per square 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 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. There are three (3) approaches to value; the sales comparison approach, the cost approach, and the income approach. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach, which analyzes recent arm's-length sales of nearby and similar property, is commonly used to value residential property.

Both parties offered sales information for the Board's review. Appellant provided a sale located in subject's immediate area which sold furnished in 2018 for \$600,000. Appellant identified notable differences between subject and the sale property. The Board found this sale property superior to subject in many respects as outlined by Appellant, yet subject was assessed higher.

Looking at Respondent's sales data and analysis, the Board noted no effort was made to isolate property differences and to make appraisal adjustments. While the Board appreciated the sales information, details regarding the time of sale and most of the information on the property characteristics were absent from the record. Further, while the Board understands the necessity and benefits of mass appraisal, the issue before us is purely a question of an individual property's market value.

Looking at the subject, it is apparent from the record this property does have some level of deferred maintenance, which Respondent admittedly did not take into account in its current assessment. Although the Board would have preferred additional bid proposals or more value evidence on the issue, we found sufficient evidence to warrant an adjustment for the deferred maintenance.

Looking at Respondent's sales information, the Board found there are too many

uncertainties to make meaningful comparisons with the subject property. The only information provided was year built, dwelling size and the assessed values of land and outbuildings. Basically, the comparable sales information was mostly incomplete. While the Board might presume an appraisal analysis was done on the sales, the details were not shared on appeal.

In appeals to this Board, Appellant bears the burden of proving error in subject's valuation by a preponderance of the evidence. Idaho Code § 63-511. The Board found the burden of proof was satisfied in this case, although we did not find good support for the value petitioned by Appellant. As discussed above, there were multiple questions left unanswered concerning Respondent's sales information. Appellant provided a sale of a property in subject's immediate area, to which, differences were noted between the sale and subject. Further, support for a reduction in assessed value came through the fact subject has yet unconsidered deferred maintenance. The totality of evidence supports a lower market value for subject.

The decision of the Bonner County Board of Equalization is modified to reflect a decrease in subject's total assessed value to \$590,000.

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, MODIFIED to reflect a decrease in subject's market value assessment to \$590,000, with \$84,750 attributable to the land, and \$505,250 allocated to the improvements.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

Idaho Code § 63-3813 provides under certain circumstances that the above ordered value for the current tax year shall not be increased in the subsequent assessment year.

DATED this 6th day of February, 2020.

IDAHO BOARD OF TAX APPEALS