

BEFORE THE IDAHO BOARD OF TAX APPEALS

JOSEPH GUENTHER,)	
)	
Appellant,)	APPEAL NOS. 19-A-1228,
)	19-A-1229 & 19-A-1230
v.)	
)	FINAL DECISION
ADA COUNTY,)	AND ORDER
)	
Respondent.)	
)	
)	
)	

AGRICULTURAL EXEMPTION APPEALS

These appeals are taken from decisions of the Ada County Board of Equalization involving the assessments for taxing purposes on properties described by Parcel Nos. S0607343400, S0607343401 and S0618233700. The appeals concern the 2019 tax year.

These matters came on for hearing November 13, 2019 in Boise, Idaho before Hearing Officer Travis VanLith. Appellant Joseph Guenther was self-represented. Chief Deputy Assessor Brad Smith represented Respondent.

Board Members David Kinghorn, Leland Heinrich and Kenneth Nuhn join in issuing this decision.

The issue on appeal is whether land associated with the subject parcels qualifies as land actively devoted to agriculture pursuant to Idaho Code §§ 63-602K and 63-604.

The decisions of the Ada County Board of Equalization are modified.

FINDINGS OF FACT

The three (3) subject parcels are rural and generally unimproved. The parcels are situated adjacent to Appellant's active farming operation. Two (2) of the properties are located to the north of Appellant's active operation, and the remaining parcel is located to the south. The two (2) north parcels are effectively a single unit, however, because they straddle a section line, there are two (2) parcels for assessment purposes.

The following chart contains details pertinent to subjects' 2019 assessments. In 2018, Appellant purchased the subjects and applied for an agricultural exemption for each parcel. On appeal, it is argued subjects should be granted the agricultural exemption, however, if denied, the following market values were requested.

<u>Parcel</u>	<u>Acres</u>	<u>Assessed Value</u>	<u>Appellant Value</u>
S0607343400	8.00	\$32,200	\$10,000
S0607343401	8.00	\$32,200	\$10,000
S0618233700	5.80	\$20,300	\$15,000

Appellant purchased subjects in mid- and late-2018 to expand his existing farming operation. The agricultural exemption was denied subject's land on the basis no agricultural activity had begun prior to January 1, 2019. Appellant began clearing the parcels in the spring of 2019. Appellant reported it takes up to three (3) years to get the ground ready to plant grape crops.

From Appellant's view, the agricultural use was in progress. Appellant pointed to an Idaho Supreme Court case *Roeder Holdings, L.L.C., v. Board of Equalization of Ada County*, 136 Idaho 809, noting the property under question was granted the agricultural exemption because the ground was being readied for planting.

Respondent argued the court found compliance in *Roeder* with accepted agricultural practices. This included planting crops at the appropriate time and that field preparation were key factors to determine use as required under the agricultural exemption. However, in the case at hand, the subject lands were not being prepared or worked as of the January 1st assessment date.

Respondent explained that as of January 1, 2019, the subject parcels were covered in sage brush and had not been cleared. Respondent provided had the ground been cleared or

had some agricultural practice been taking place prior to the assessment date, then likely the land would have qualified for the exemption. It was maintained an agricultural exemption cannot be granted on potential future land use, and therefore subjects were assessed in 2019 at market value.

For the market value analysis, Respondent provided information on seven (7) vacant land sales located in the foothills. The sale parcels ranged in size from 58.71 to 77.92 acres. The price rates ranged from \$3,376 to \$6,813 per acre. The sales took place between 2010 and 2013. Respondent did not consider subjects' purchase(s) in its analysis.

Appellant explained the southern subject property has an agreement with Ada County Highway District (ACHD) concerning a road which runs through the property. It is a privately-maintained public right-of-way according to the agreement. As such, it was determined 1.6 acres of this parcel should have been valued as waste. Respondent agreed an adjustment to the property record was needed to reflect the 1.6 acres of waste category for this parcel.

Appellant further explained the two (2) northern parcels were land-locked until the 2018 purchase. Before the purchase, the only way to access these properties was through Appellant's other farm parcels. In Appellant's opinion, no deeded access further reduces the value.

For value evidence, Appellant maintained subjects' actual purchase price should be the market value if no agricultural exemption is granted. Appellant provided the closing agreement for the northern subjects. It was maintained that the parcels' market value as a single unit was the \$20,000 purchase price paid in late 2018 for the two (2) parcels.

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 § 63-203 provides, "All property within the jurisdiction of this state, not expressly exempted, is subject to appraisal, assessment and property taxation." Section 63-601 repeats this standard. Section 63-205, I.C., requires taxable property be appraised at market value annually on January 1; January 1, 2019 in this case. Appellant seeks agricultural exemptions for the land associated with each subject. If the agricultural exemptions are denied, then Appellant further disputes the 2019 market value assessments.

First, we will address the issue of whether the subject lands qualify for special valuation treatment as land actively devoted to agriculture.

Idaho Code § 63-604 provides in pertinent part,

(1) For property tax purposes, land which is actively devoted to agriculture shall be eligible for appraisal, assessment and taxation as agricultural property each year it meets one (1) or more of the following qualifications:

(a) the total area of such land, including the home site, is more than five (5) contiguous acres, and is actively devoted to agriculture which means:

(i) It is used to produce field crops including, but not limited to, grains, feed crops, fruits and vegetables.

(ii) It is used to produce nursery stock as defined in section 22-2302(11), Idaho Code; or

(iii) It is used by the owner for the grazing of livestock to be sold as part of a for-profit enterprise, or is leased by the owner to a bona fide lessee for grazing purposes; or

(iv) It is in a cropland retirement or rotation program.

First, in order to qualify for the agricultural exemption under subsection (1)(a) above, the total land area must exceed five (5) contiguous acres. The Board found the area here does in fact meet that size criteria.

The exemption statute also requires the land be put to a qualifying agricultural use. In this case, the Board understands Appellant's intention is to harvest grapes, however, the land was not prepped or otherwise in use for agricultural purposes as of the January 1st assessment date. Respondent had inspected the properties and found they were largely covered with sage brush. Had the land been worked to support an agricultural purpose, then the land may have qualified as "land actively devoted to agriculture."

As the land did not qualify for the agricultural exemption, next we will look to the market values of the properties. Non-exempt property is subject to annual assessment for purposes of taxation. Idaho Code § 63-205 requires property be assessed at market value 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 three (3) primary methods for determining market value are 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).

Respondent provided rural sales information, which involved large tracts of land

purchased between 2010 and 2013. It was difficult to see how the sales of the large land tracts, from many years ago, support subjects' current assessments. It is also worth noting Respondent did not take into consideration the recent purchase(s) of the subject properties.

Appellant purchased the two (2) northern parcels for a price of \$20,000. The Board found this price information was the best indicator of market value in this case. Further, regarding the southern parcel, Respondent conceded the right-of-way should be valued at \$0 and recommended the parcel be changed to reflect 4.41 acres in size for valuation purposes. The assessed valuation of this parcel would then be reduced to \$15,400, as the parties both agreed.

In appeals to this Board, Appellant bears the burden of proving error in subjects' valuations by a preponderance of the evidence. Idaho Code § 63-511. While we found the subject lands were not entitled to the agricultural exemption, we did find sufficient evidence to support the respective market values requested by Appellant. The subject properties were recently purchased in 2018 and are distinct from the comparable sales evidence in record. There are no other recent, like properties to compare to the subjects. In the Board's view, subjects' assessed values should be adjusted downward to give more consideration to the recent subject purchase information.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Ada County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED as follows:

<u>Parcel</u>	<u>Market Value</u>
S0607343400	\$10,000
S0607343401	\$10,000
S0618233700	\$15,400 (4.410 acres valued)

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 3rd day of March, 2020.