

BEFORE THE IDAHO BOARD OF TAX APPEALS

BONNER COUNTY ASSESSOR,)	
)	
Appellant,)	APPEAL NOS. 20-A-1003
)	and 20-A-1005
v.)	
)	FINAL DECISION
MAUREEN TAYLOR REGAN AND TIMOTHY)	AND ORDER
TAYLOR,)	
)	
Respondents.)	
)	

FOREST LAND EXEMPTION APPEALS

These appeals are taken from two (2) decisions of the Bonner County Board of Equalization granting forest land exemptions to property described by Parcel Nos. RP54N03W132600A and RP54N03W132690A. The appeals concern the 2020 tax year.

These matters came on for telephonic hearing September 22, 2020, before Hearing Officer Travis VanLith. Assessor Donna Gow appeared at hearing for Appellant. Respondents Maureen Taylor Regan and Timothy Taylor were self-represented.

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

The issue on appeal is whether the subject properties qualify for special valuation treatment as forest land, pursuant to Idaho Code § 63-1703.

The decisions of the Bonner County Board of Equalization are reversed.

FINDINGS OF FACT

Though the subject parcels have different ownerships and assessed valuations, the core issue in these appeals centers on whether the properties qualify for the forest land exemption. As the issue is the same for both parcels, these appeals are hereby consolidated for purposes of this decision.

Parcel No. RP54N03W132600A (Appeal No. 20-A-1003)

The assessed land value of this 10.93 acre parcel is \$6,000. Appellant contends the correct land value is \$78,834.

Parcel No. RP54N03W132690A (Appeal No. 20-A-1005)

The assessed land value of this 10.21 acre parcel is \$4,916. Appellant contends the correct land value is \$78,834.

The subject properties were once part of a larger tract owned by Appellants' parents. The mother parcel had received the forest land exemption¹ for decades, until February 2019, when the tract was split into several smaller parcels and transferred to Respondents and their siblings. Appellant argued once the mother parcel was split and transferred to different ownerships, the forest land exemption was lost, and each new owner was required to file a new application for the exemption. Because Respondents failed to file applications for the forest land exemption prior to January 1, 2020, Appellant maintained the exemption claims should be denied, and the parcels must instead be assessed at market value.

Respondents explained the circumstances leading to these appeals. In the fall of 2018, Respondents contacted the assessor's office to inquire about splitting the mother parcel and the potential impact on the forest land exemption status. Respondents were instructed to first complete the splitting and title transfer process before filing for the forest land exemption. Sometime prior to the finalizing the split of the mother parcel, Respondents again contacted the assessor's office. During this conversation, Respondents were told the required application

¹Though commonly referred to as a forest land exemption, it is actually special assessment treatment for certain designated forest lands, which reduces the taxable value of the qualifying parcel, but does not completely exempt it from taxation.

paperwork would be mailed after the splitting process was complete.

At some time after the second conversation, the employee Respondents were communicating with ceased employment with the assessor's office. Apparently the departed employee did not notify anyone in the assessor's office about mailing the forest land exemption forms to Respondents and their siblings after the mother parcel split. As a result, the forms were not mailed, and no exemption applications were filed. Respondents only learned there was a problem when the 2020 assessment notices arrived, reflecting the subject parcels had been assessed at market value, not as forest land. Respondents conceded applications were required to be filed, but argued an exception should be made because the assessor's office failed to mail the necessary forms as promised. In Respondent's view, it would be unfair to be punished for relying on the assessor's office to follow through on mailing the applications.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of market value in fee simple interest, or, as applicable, a property's exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence submitted by the parties, hereby enters the following.

Respondents acknowledged the requirement to file an application accompanied by a timber management plan, but maintained an exception should be made in this instance because the required forms were not mailed to Respondents as promised by a former employee of the assessor's office. Failing to mail the forms was an unfortunate and regrettable oversight, and the Board understands Respondents' frustration with the circumstances. However, the statute is unambiguous in its requirement that an application for the forest land

exemption be filed with the county assessor. Idaho Code § 63-1703 provides in pertinent part,

For the purposes of appraisal, assessment and taxation under the provisions of this chapter, all forest lands in parcels of five (5) or more acres but less than five thousand (5,000), whether contiguous or not, as long as such parcels are held in common ownership, *must be designated by the forest landowner* to be subject to the provisions of either subsection (a) or (b) of this section . . . Once a designation is made by the forest landowner, such designation must remain in effect until the designation period expires, unless the forest lands are *transferred to another owner* using a different taxing category; in such case, the taxing category of the transferred forest lands shall be the same as that maintained by the new owner . . .

(a) A forest landowner may choose to have his forest land assessed, appraised and taxed under the provisions of section 63-1705, Idaho Code, by filing such choice with the county assessor on a form prescribed by the state tax commission. Designation filed pursuant to section 63-1705, Idaho Code, shall become effective on the first day of January following the year of designation.

(b) A forest landowner may choose to have his forest land assessed, appraised and taxed under the provisions of section 63-1706, Idaho Code, by filing such choice with the county assessor on a form prescribed by the state tax commission. Designation filed pursuant to section 63-1706, Idaho Code, shall become effective the first day of January following the year of designation.
(Emphasis added).

The Idaho Supreme Court has repeatedly held a taxpayer must prove clear entitlement to an exemption. It is a claimant's responsibility to satisfy each and every requirement of a claimed property tax exemption. "Tax exemptions exist as a matter of legislative grace, epitomizing the antithesis of traditional democratic notions of fairness, equality, and uniformity . . . Idaho case law requires that all tax exemption statutes be strictly and narrowly construed against the taxpayer, who must show a clear entitlement, and in favor of the state. Courts may not presume exemptions, nor may they extend an exemption by judicial construction where not specifically authorized" *Corp. of the Presiding Bishop of Church of Jesus Christ of Latter-Day Saints v. Ada Cnty.*, 123 Idaho 410, 416, 849 P.2d 83, 86 (1993).

Though the Board sympathizes with Respondents' situation, the Board is not free to deviate from the clear requirements of the controlling statute, which in this case requires an application be filed for the forest land exemption. It is unfortunate the assessor's office did not mail the applications as promised by a former employee; however, the ultimate responsibility for completing the application process and satisfying all the necessary requirements falls on Respondents. And as Respondents did not file applications prior to January 1, 2020, the subject tracts do not qualify for the forest land exemption for the 2020 tax year.

Based on the above, the decisions of the Bonner County Board of Equalization are reversed, thereby removing the forest land valuation treatment from the subject parcels.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Bonner County Board of Equalization concerning the subject parcels be, and the same hereby are, REVERSED, resulting in market value assessments of \$78,834 for Parcel No. RP54N03W132600A, and \$78,834 for Parcel No. RP54N03W132690A.

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

DATED this 18th day of November, 2020.

