

BEFORE THE IDAHO BOARD OF TAX APPEALS

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| CORNERSTONE BAPTIST CHURCH, INC., |) | |
| |) | |
| Appellant, |) | APPEAL NO. 20-A-1002 |
| |) | |
| v. |) | FINAL DECISION |
| |) | AND ORDER |
| KOOTENAI COUNTY, |) | |
| |) | |
| Respondent. |) | |
| |) | |
| |) | |
| |) | |

PROPERTY TAX EXEMPTION APPEAL

This appeal is taken from a decision of the Kootenai County Board of Equalization denying an exemption from property taxation for Parcel No. 0356021303AA. The appeal concerns the 2020 tax year.

This matter came on for telephonic hearing October 1, 2020, before Hearing Officer Cindy Pollock. Pastor Ruben Garcia appeared at hearing for Appellant. Assessor Bela Kovacs represented Respondent.

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

The issue on appeal concerns whether the subject property qualifies for a property tax exemption pursuant to Idaho Code § 63-602B as property belonging to a religious corporation.

The decision of the Kootenai County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$254,867, and the improvements' value is \$447,447, totaling \$702,314. Appellant contends the subject property is exempt from taxation.

The subject property is a roughly 100-member church located in Hayden, Idaho. The property has received an exemption from taxation for the past twenty-four (24) years as property belonging to a religious entity; however, the exemption was lost for the 2020 assessment year. Following a hearing, the Kootenai County Board of Commissioners issued

a “Revocation of Tax Exemption Order” to Appellant on April 29, 2020, explaining the subject property did not qualify for exemption for 2020. The Kootenai County Board of Equalization (BOE) upheld the exemption denial in an order issued June 25, 2020. The basis for the BOE’s decision was Appellant’s failure to timely file an application for the exemption as required by Idaho Code.

As a courtesy, the county commissioners’ office routinely mails exemption application materials to owners whose property qualified for exemption the prior year. This year, applications were mailed to owners in November 2019. In normal course, the county commissioners’ office then follows up between January and March with a reminder notice to those owners who have not yet returned an exemption application. It was not clear if Appellant received the reminder notice.

Appellant detailed its normal process for filing the annual exemption application. The church Secretary normally receives the application in November and forwards such application to the church Treasurer, who is responsible for completing and filing the application by the April 15 deadline. Typically, Appellant files the exemption application in March, following the reminder notice from the county commissioners. This year, however, was different.

Appellant explained the Secretary became ill in January and was forced to miss a notable amount of time in the office through February. The church was then closed from March 16, 2020, to the first of May pursuant to the governor’s “shutdown” order in response to the COVID-19 pandemic. During this time, the Secretary again became ill and was out of the office. As such, the reminder notice from the commissioners was overlooked or missed, and the April 15th application deadline lapsed. Appellant conceded the exemption application was

not timely filed, but contended an exception should be granted due to the highly unusual circumstances of the pandemic and the unfortunate health episodes of the Secretary, who normally instigates the application process for Appellant.

Respondent acknowledged the unique circumstances leading to Appellant's failure to timely file an exemption application, however maintained the law requires annual application for the religious exemption provided in Idaho Code § 63-602B. As the filing requirements were not satisfied, Respondent concluded the exemption must be denied for 2020, and the property instead be assessed at market value.

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.

The central issue in this appeal is whether the subject property qualifies for an exemption from taxation as property belonging to religious organization. For the reasons below, the Board finds the property does not qualify for exemption for the 2020 tax year.

The religious exemption is found in Idaho Code § 63-602B, which provides an exemption for property belonging to a religious corporation, so long as such property is used exclusively for the purposes for which the religious entity was organized. There is no dispute the subject property satisfies the provisions of Idaho Code § 63-602B. Instead, the issue lies with Idaho Code § 63-602, which in relevant part reads,

(3) All exemptions from property taxation claimed shall be approved annually by the board of county commissioners or unless otherwise provided . . .

(b) For exemptions that require an application, provided such exemptions are for property otherwise subject to assessment by the county assessor, the application must be made to the county commissioners by *April 15*. . . The decision of the county commissioners and any subsequent assessment notices sent to the taxpayer may be appealed to the county board of equalization
(Emphasis added).

Religious exemptions require annual application, and such application must be filed by April 15th of the applicable year. In this case, Appellant did not file an exemption application prior to April 15, 2020. As such, the claim of exemption must be denied. “Idaho case law requires that all tax exemption statutes be strictly and narrowly construed against the taxpayer, who must show a clear entitlement . . . Courts may not presume exemptions, nor may they extend an exemption by judicial construction where not specifically authorized. The language of exemption statutes must be given its ordinary meaning and an exemption will not be sustained unless within the spirit as well as the letter of the law.” *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).

The Board sympathizes with the truly unfortunate and difficult circumstances leading to Appellant’s failure to timely file an application for exemption. Regrettably, however, the Board is bound by the statute as written and is not free to deviate from the clear requirements contained therein; specifically, the April 15, 2020, deadline by which to file an exemption application. As the statute does not contain a waiver of the filing standards, the Board is left with no choice but to deny Appellant’s claim for a tax exemption on the subject property. Though subject’s tax-exempt status is lost for 2020, Appellant may wish to pursue a hardship claim with the county commissioners.

Because the subject property does not qualify for exemption, it is subject to assessment and taxation. Idaho Code § 63-601.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2020, in this case. Market value is always estimated as of a precise point in time. Idaho Code § 63-201 provides the following definition,

“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.

Appellant did not offer a market value opinion for the subject property, so it is presumed the value determined by the assessor is correct.

In accordance with Idaho Code § 63-511, the Appellant bears the burden of proving error in subject’s valuation by a preponderance of the evidence. As Appellant did not challenge subject’s assessed value, the burden of proof was not satisfied, and the Board will accept the value determined by the assessor.

Based on the above, the decision of the Kootenai County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.