

BEFORE THE IDAHO BOARD OF TAX APPEALS

JOHN AND PATRICIA WARREN,)	
)	
Appellants,)	APPEAL NO. 21-A-1005
)	
v.)	FINAL DECISION AND ORDER
)	
ADAMS COUNTY,)	
)	
Respondent.)	
)	
_____)	

AGRICULTURAL EXEMPTION APPEAL

This appeal is taken from a decision of the Adams County Board of Equalization denying an agricultural exemption for property tax purposes on property described by Parcel No. RP18N02E020910A. The appeal concerns the 2021 tax year.

This matter came on for telephonic hearing November 18, 2021, before Hearing Officer Travis VanLith. Appellants John and Patricia Warren were self-represented. Adams County Assessor Stacy Dreyer represented Respondent.

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

The issue on appeal concerns whether the subject property qualifies for special valuation treatment as property actively devoted to agriculture, commonly referred to as the agricultural exemption.

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

FINDINGS OF FACT

The assessed land value is \$114,147. Appellants contend the subject property qualifies for special valuation treatment as property actively devoted to agriculture.

The subject property is an unimproved rural tract located several miles east of McCall, Idaho. The parcel totals 29.81 acres in size, of which eleven (11) acres are

specially assessed as forestland at \$1,287, and 18.81 are acres assessed at market value as rural residential land at \$112,860.

Prior to early 2021, the subject property was owned by a trust created by Mr. Warren's father. On March 25, 2019, a quitclaim deed was recorded with the Adams County Recorder with the intent to transfer title to the subject property from the trust to Appellants. This deed, however, was not processed by the assessor's office due to an incorrect legal description. After some effort, Appellants were able to clear up the legal description, and a corrected quitclaim deed was recorded with the county recorder on February 3, 2021. This corrected deed was entered into the assessor's mass appraisal system on March 15, 2021.

Upon receiving the 2021 assessment notice for the subject property, Appellants discovered the acres in question were assessed at market value instead of the special valuation treatment afforded under the framework of the agricultural exemption. After filing an appeal with the Adams County Board of Equalization (BOE), Appellants learned the agricultural exemption had first been denied for the 2020 assessment year. Respondent explained the exemption was pulled for 2020 following an inspection of the subject property in August 2019, at which time the county appraiser did not observe active agricultural use of the property. Respondent sent a letter to the address¹ on file seeking clarification of the use of the subject property to ascertain whether it was being actively used for agricultural purposes. No response was received, so the exemption was removed for the 2020 assessment, and the relevant acreage was assessed at market

¹ As Appellants were not yet title holders, the address on file at the time was a post office box in McCall, Idaho, used by Appellants' son. Appellants were not notified of the letter until during this appeal process, so had no opportunity to respond to Respondent's inquiries about the use of the subject parcel.

value as rural residential land. For 2021, the land was again assessed as a rural residential tract.

Appellants argued the exemption should have never been removed, because the property was used agriculturally. Appellants testified grass hay has been annually harvested on the property for at least the past fifteen (15) years. It was explained that because subject is a dry land farm (no irrigation), the growing season is short, and the hay harvest happens a little later in the year, usually late August or early September. So, when the assessor's office inspected the property in mid-August 2019 and did not observe agricultural activity, it was because the harvest for that year had not yet occurred. According to Appellants, the 2019 harvest took place less than two (2) weeks after the inspection by the assessor's office. Appellants pointed out the harvesting equipment was already on site and staged for the upcoming harvest at the time of the inspection, which can be seen in the photographs of the property taken by the assessor's office. Appellants also provided photographs of the 2019 and 2020 harvesting activities on the property to demonstrate continued agricultural use. In Appellants' view, it was improper to remove the agricultural exemption 2020, and it should be granted for 2021.

Respondent maintained the BOE's denial of the exemption for 2021 was appropriate because Appellants did not file an application for the exemption prior to the statutory deadline of April 15, 2021. Respondent contended that even if the agricultural exemption had not been removed for 2020, the exemption would have been denied for the 2021 assessment year because Appellants did not timely file an application for the exemption after becoming the new record owners of the property in February 2021. Respondent stated an exemption is lost when title is transferred to a different owner, and

it is the responsibility of the new owner to apply for any applicable exemptions. As such, Respondent petitioned this Board to uphold the denial of the agricultural exemption on the subject property for 2021.

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.

The question before the Board is whether the subject property qualifies for special valuation treatment as property actively devoted to agriculture. For the reasons below, the Board finds the property does not qualify for the agricultural exemption for the 2021 assessment year.

Respondent argued the subject property was not entitled to the agricultural exemption for 2021 because Appellants did not file an application for the exemption prior to April 15, 2021. The Board concurs.

The analysis starts with Idaho Code § 63-602(3) which reads, “[a]ll exemptions from property taxation claimed shall be approved annually by the board of county commissioners or unless otherwise provided.” Subsection (a) provides a list of exemptions which do not require application or approval by the county board of county commissioners, and prior to the 2020 Legislative Session, agricultural land more than five (5) contiguous acres in size was included in the list of exemptions not requiring an application. The statute was amended by the Idaho Legislature in 2020, however, to remove agricultural land in excess of five (5) acres from Idaho Code § 63-602(3)(a),

thereby subjecting such land to the requirements of subsection (b), which provides in pertinent part, “[f]or 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 . . .*” (emphasis added).

The statute is unambiguous; an application must be filed with the county commissioners by April 15 of the relevant year, April 15, 2021, in the current case. The record on this point is clear. Appellants did not file an application for the agricultural exemption for the subject property prior to the controlling deadline. Therefore, the property does not qualify for the exemption for the 2021 assessment year.

Appellants argued an exception should be made because they were unaware the agricultural exemption was pulled for 2020, and the assessor’s office did not notify Appellants of the application deadline for 2021. While the Board sympathizes with Appellants’ position and the difficulties associated with getting the title properly transferred, it is not the duty of the assessor’s office to inform property owners of application deadlines for exemptions for which their property may qualify. That burden is squarely on the taxpayer seeking an exemption.

“Tax exemptions exist as a matter of legislative grace, epitomizing the antithesis of traditional democratic notions of fairness, equality, and uniformity.” *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). “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.” *Id.*

As the Idaho Supreme Court has made clear, the burden is on the claimant to establish clear entitlement to a property tax exemption. In the instant case, the controlling statute required Appellants to file an application for the agricultural exemption by April 15, 2021, and where no such application was filed, the requirements of the statute were not satisfied, so the exemption must be denied. To be clear, the only reason the exemption is being denied here is because the application deadline requirement was not satisfied, not that the subject property was not actively devoted to a qualified agricultural use.

As the subject property did not qualify for exemption for 2021, Respondent did not err in assessing the acreage at market value as rural residential land. And where Appellants did not offer support for a different market value conclusion, the Board will accept Respondent's value determination of \$114,147 for the 18.81 acres at issue in this appeal.

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

FINAL ORDER

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

DATED this 28th day of December , 2021.

IDAHO BOARD OF TAX APPEALS