

BEFORE THE IDAHO BOARD OF TAX APPEALS

JAMES MIZER AND LYDIA GODINHO,	)	
	)	
Appellants,	)	APPEAL NOS. 22-A-1211
	)	and 22-A-1212
v.	)	
	)	FINAL DECISION AND ORDER
BLAINE COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

**AGRICULTURAL EXEMPTION APPEALS**

These appeals are taken from two (2) decisions of the Blaine County Board of Equalization denying an agricultural exemption for properties described by Parcel Nos. RP03N18033601A and RP03N18033601B. The appeals concern the 2022 tax year.

These matters came on for telephonic (Zoom) hearing December 8, 2022, before Hearing Officer Travis VanLith. Appellants were self-represented. Blaine County Assessor Jim Williams represented Respondent.

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

**The issue on appeal concerns whether the subject properties qualify for special valuation treatment as land actively devoted to agriculture, commonly referred to as the agricultural exemption.**

**The decisions of the Blaine County Board of Equalization are reversed.**

FINDINGS OF FACT

Parcel No. RP03N18033601A (Appeal No. 22-A-1211)

The assessed land value of this 4.11 acre parcel is \$438,976. Appellants contend the property qualifies for the agricultural exemption and petitioned to have it assessed accordingly.

Parcel No. RP03N18033601B (Appeal No. 22-A-1212)

The assessed land value of this 3.19 acre parcel is \$438,976. Appellants contend the property qualifies for the agricultural exemption and petitioned to have it assessed accordingly.

The subject properties are two (2) adjacent rural tracts located a couple miles north of Hailey, Idaho. The properties are used in connection with a larger ranching operation owned by Appellants' family since the late 1800s. The acreage is a combination of both irrigated and non-irrigated agricultural ground that has traditionally been used for a variety of agricultural purposes in support of the ranch. The parcels are irrigated with well water.

Historically, the subject parcels have been assessed as agricultural ground; however, the agricultural exemption was removed for the 2022 assessment year and the properties were assessed as rural residential tracts. According to Respondent, the exemption was removed because no agricultural activity was observed on the subject properties during 2021. Appellants explained agricultural activity was suspended during the 2021 growing season due to a water curtailment order issued by the Idaho Department of Water Resources for the lower Wood River Valley area in June 2021. The order applied to the subject parcels, which meant Appellants were not permitted to irrigate the land throughout the duration of the curtailment order. It was reported water became available at the end of the 2021 growing season, but it was too late to produce a crop. Appellants argued it was improper to remove the agricultural exemption because the lack of agricultural activity was directly caused by the curtailment order, not a voluntary decision to halt ranching activities on the properties.

Respondent knew generally of water restrictions in the area during 2021, but was unaware the subject properties were affected. Regardless, Respondent maintained removal of subjects' exemption was proper because the law requires the properties be used for agricultural purposes each year in order to qualify for the exemption. As there was no active agricultural use during 2021, Respondent argued the exemption must be removed for 2022<sup>1</sup>.

Having resolved to remove the agricultural exemption, Respondent assessed the subject properties as rural residential parcels at market value. In support of this valuation, Respondent offered information on two (2) recent sales from subjects' neighborhood. Sale No. 1 was the November 2021 purchase of a 3.32 acre unimproved parcel for \$450,000. Sale No. 2 concerned a 1.01 acre residential lot which sold for approximately \$425,000 in August 2021. After applying a 2% per month upward time adjustment to reflect pricing levels on the January 1, 2022, assessment date, Respondent calculated adjusted sale prices of \$468,000 and \$468,185, respectively. Both subject lots are assessed for \$438,976.

Though Appellants insisted the subject properties qualify for the agricultural exemption, Appellants also argued that in the event this Board does not restore the exemption, the values determined by Respondent were above market and therefore erroneous. Appellants stressed only one (1) of the subject parcels has legal access. The "back" lot can only be accessed from the other subject parcel situated along the public roadway. In other words, the parcels would need to be sold together, otherwise the back

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<sup>1</sup> There were no water shortage issues during 2022, so Appellants were able to resume the historical agricultural use of the subject properties. Respondent testified the agricultural exemption would be granted on both parcels for 2023.

lot would become a landlocked parcel without legal access. Appellants further noted residential development options are somewhat limited due to the irregular triangular shapes of the subject parcels, which effectively renders the long and narrow corner areas unusable. In Appellants' view, these conditions were not adequately considered in Respondent's valuation analysis.

### 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 two (2) primary issues in these appeals concern whether the subject properties qualify for special valuation treatment as land actively devoted to agriculture and, if the properties do not qualify for the agricultural exemption, whether the current valuations are at market value.

We begin with the first issue. Despite the long history of subjects' active agricultural use, Respondent argued the properties did not qualify for the current 2022 assessment year because there was no agricultural activity during 2021. While the Board understands Respondent's position, we reach a different conclusion with respect to subjects' qualification for the agricultural exemption.

Idaho Code § 63-604 provides in pertinent part,

- (1) For property tax purposes, land 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 homesite, 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; or
  - (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.

The statute includes several key elements, the first of which is that land actively devoted to agricultural pursuits is eligible for special assessment treatment each year such agricultural use occurs. This requirement is central to the issue in the instant appeal, as Respondent's basis for removing the subject properties' agricultural exemption was the absence of agricultural use during 2021. Admittedly, Appellants did not irrigate the subject parcels during 2021, so no field crops were produced, but at issue here is the properties' qualification for the 2022 agricultural exemption. The relevant use, therefore, is the use of the properties during 2022, which was undoubtedly agricultural. Appellants were able to irrigate the parcels in 2022 and to continue the same historical agricultural use of the properties.

Though not directly addressed at hearing, it is a reasonable inference the subject parcels' agricultural production potential was not seriously damaged by the lack of water during 2021, as Appellants harvested a field crop during 2022. Which is to say, as of January 1, 2022, the subject properties were agricultural properties simply waiting for the

arrival of the upcoming growing season so crop production could resume. The lack of active agricultural use of the subject properties during 2021 was an anomaly caused by forces outside Appellant's direction or control which effectively stripped away a core property right: the right to use a property for any lawful purpose. This anomalous event, however, is not determinative of the subject properties' qualification for the agricultural exemption for 2022. The statute requires agricultural use during the year in which the exemption is sought. Evidence of agricultural use during the previous year may provide a strong indication of an owner's intent to continue such during the subsequent year, but agricultural use during the prior year is not required to qualify for the exemption. This is particularly true in this case where the subject properties have a long history of agricultural use.

Having found the subject properties qualify for the agricultural exemption for 2022, the issue concerning the accuracy of Respondent's market valuations of the parcels is rendered moot.

Idaho Code § 63-511 places the burden on Appellants to demonstrate error in the board of equalization's decision to deny the special valuation treatment afforded to property actively devoted to agriculture. The Board finds the burden of proof satisfied. Appellants clearly demonstrated the subject parcels were used for bona fide agricultural purposes during 2022, the same as they have been used by Appellants' family for more than a century prior to the aberrant water shortage of 2021. The decisions of the Blaine County Board of Equalization are reversed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Blaine County Board of Equalization concerning the subject parcels be, and the same hereby are, REVERSED. The subject parcels shall be assessed consistently with the prior agricultural land categories and in accordance with the relevant provisions of Idaho Code governing the calculation of agricultural values for purposes of assessment.

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 Appellants.

DATED this 3<sup>rd</sup> day of January, 2023.