

BEFORE THE IDAHO BOARD OF TAX APPEALS

STANLEY AND KENT SEARLE,)	
)	
Appellants,)	APPEAL NOS. 22-A-1105
)	through 22-A-1109
v.)	
)	FINAL DECISION AND ORDER
BINGHAM COUNTY,)	
)	
Respondent.)	
_____)	

AGRICULTURAL EXEMPTION APPEALS

These appeals are taken from decisions of the Bingham County Board of Equalization concerning the valuations for taxing purposes of properties described by Parcel Nos. RP0373906, RP0372101, RP0372304, RP0373401, and RP0372001. The appeals concern the 2022 tax year.

These matters came on for hearing October 3, 2022, in Blackfoot, Idaho, before Board Member Leland Heinrich. Appellant Stanley Searle was self-represented. Bingham County Assessor Donovan Harrington represented Respondent.

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

The issue on appeal concerns the valuations of the subject properties as land actively devoted to agriculture as provided in Idaho Code § 63-604.

The decisions of the Bingham County Board of Equalization are affirmed and modified.

FINDINGS OF FACT

The pertinent assessment details for the subject properties are summarized in the following table:

<u>Appeal No.</u>	<u>Parcel No.</u>	<u>Original 2022 Assessed Value</u>	<u>Value Ordered by BOE</u>	<u>Appellant's Value Claim</u>
22-A-1105	RP0373906	\$124,432	\$124,432	\$124,092
22-A-1106	RP0372101	\$ 4,435	\$ 4,261	\$ 4,240
22-A-1107	RP0372304	\$ 66,876	\$ 66,194	\$ 66,112
22-A-1108	RP0373401	\$342,280	\$342,280	\$341,825
22-A-1109	RP0372001	\$ 47,807	\$ 45,960	\$ 45,737

**Bolding indicates value reduction ordered by the BOE*

The subject properties comprise part of a larger active agricultural enterprise operated by Appellants. The contiguous subject tracts are located along Interstate 15, several miles west of Shelley, Idaho. The respective land categories and acreages for the subject parcels are as follows:

Appeal No. 22-A-1105 (Parcel No. RP0373906)

Category 1 – Irrigated Agricultural	102.000 acres
<u>Category 19 – Waste</u>	<u>4.658 acres</u>

Appeal No. 22-A-1106 (Parcel No. RP0372101)

Category 1 – Irrigated Agricultural	8.255 acres
Category 3 – Non-Irrigated Agricultural	3.000 acres
<u>Category 5 – Dry Grazing</u>	<u>3.000 acres</u>

Appeal No. 22-A-1107 (Parcel No. RP0372304)

Category 1 – Irrigated Agricultural	100.000 acres
Category 3 – Non-Irrigated Agricultural	16.000 acres
<u>Category 6 – Dry Grazing</u>	<u>11.755 acres</u>

Appeal No. 22-A-1108 (Parcel No. RP0373401)

Category 1 – Irrigated Agricultural	279.800 acres
Category 5 – Dry Grazing	7.000 acres
<u>Category 19 – Waste</u>	<u>4.500 acres</u>

Appeal No. 22-A-1109 (Parcel No. RP0372001)

Category 1 – Irrigated Agricultural	74.000 acres
Category 3 – Non-Irrigated Agricultural	3.000 acres
<u>Category 5 – Dry Grazing</u>	<u>31.844 acres</u>

The primary issue raised by Appellants concerned those portions of the subject parcels designated as Category 5 – Dry Grazing Land. Appellants explained the areas in contention are either access easements for the irrigation district or lava rock outcroppings, not dry grazing land. As nothing can grow in the lava rock outcroppings to support livestock grazing, and no use can be made of the acreage consumed by the access easement along the irrigation canal, Appellants argued those unusable land areas are better characterized as Category 19 – Waste Land and should therefore be assessed at \$0.

Respondent did not disagree with Appellants' characterization of the land areas at issue as being unusable and inconsistent with the definition of dry grazing land but explained it was constrained by the parameters of the current system and methodology for assessing agricultural land. Though details of the current system were not shared, Respondent described an ongoing effort to move to a cash lease methodology, which would allow unusable portions of agricultural land to be effectively excluded from the valuation equation because only productive agricultural acres are included in this type of lease arrangement. Respondent was optimistic that issues like presented here would be eliminated once the new system is fully implemented, though it was unclear when that is expected to occur.

Regarding the valuation of the areas classified as Category 5 – Dry Grazing, Respondent explained it was required to increase the per-acre valuation rate for dry grazing land following the Idaho State Tax Commission's annual ratio study review of values in the county. In order to reach acceptable assessment levels, Respondent increased the dry grazing valuation rate from \$7 per acre to \$65 per acre. For the three (3) subject parcels indicated by the bolded font in the earlier summary table, the Bingham County Board of Equalization (BOE) resolved to revert the dry grazing rate back to \$7 per acre but left the values unchanged for the dry grazing areas on the remaining two (2) subject tracts. Appellants were less concerned with the dry grazing valuation rate, but rather that the disputed land areas are unusable and do not satisfy the definition of dry grazing land and should thus be valued at \$0 regardless of the limitations imposed by Respondent's current valuation system.

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 subject properties are undoubtedly actively devoted to agricultural pursuits and therefore qualify for the special valuation treatment provided in Idaho Code § 63-604, commonly referred to as the agricultural exemption. The issue at bar concerns whether certain portions of the subject tracts should be considered waste land for purposes of assessment. Appellants argued the land areas at issue do not satisfy the criteria to be categorized as dry grazing land because they are incapable of supporting grasses and

are otherwise unusable in the larger agricultural operation. In fact, these areas are burdensome to Appellants who must expend time and money controlling weeds in these areas while receiving no monetary benefit in return. Respondent agreed no grasses can be grown in those areas but maintained they do not meet the definition of waste land; and because those acres must be categorized, Respondent designated them dry grazing land, which land type carries the least value of all the available agricultural categories.

The Board understands Appellants' frustrations with the current agricultural valuation methodology, particularly the limited number of land categories. However, the Idaho State Tax Commission is charged with adopting rules related to the categorization of different land types. Idaho Code § 63-109. Unfortunately, the lava overflow areas on the subject parcels do not fit well within the current definitions for the various land categories. While the lava overflow areas are incapable of supporting grasses as described in the definition of Category 05 – Dry Grazing Land, the impacted areas likewise do not meet the definition of Category 19 – Waste, which is restricted to “Public Rights-of-Way including roads, ditches, and canals.” IDAPA 35.01.03.510.19. Respondent categorized the lava outcropping areas as dry grazing acreage because the law requires all land be categorized, and that particular land category carries the least value per acre. Given the constraints of the current land categorization structure and associated restrictive definitions, the Board found Respondent's decision to designate the lava outcroppings as Category 05 – Dry Grazing Land as reasonable under the current classification framework.

The Board likewise found the BOE's decision to value subjects' dry grazing areas at \$7 per acre reasonable in this instance, as the rate represents a notable discount from

the full dry grazing rate of \$65 per acre. Though the reasoning was not apparent in the record, the BOE applied the \$7 per acre valuation rate to only three (3) of the subject parcels and left the \$65 per acre rate in place for the fourth parcel with lava outcroppings. To be consistent with the other dry grazing valuations, the Board will adopt the \$7 per acre rate for the 7.0 acres on Parcel No. RP0373401 (Appeal No. 22-A-1108) categorized as dry grazing land, thereby reducing the assessed value of those acres to \$49.

The Board further found good cause to adjust the valuation of Parcel No. RP0373906 (Appeal No. 22-A-1105). Currently, 4.66 acres of the parcel are categorized as dry grazing land; however, the land is actually the area consumed by the irrigation district's access easement running along the canal. As this is a dedicated right-of-way and the land is otherwise unusable to Appellants, the proper categorization of this acreage should be Category 19 – Waste, with a value of \$0. The Board will adjust the value of this subject parcel accordingly.

In accordance with Idaho Code § 63-511, Appellants bear the burden of establishing error in subjects' valuations by a preponderance of the evidence. Given the record in this matter, the Board found the burden of proof satisfied with respect to the valuations of Parcel Nos. RP0373401 and RP0373906 but did not find sufficient support for the \$0 value petitioned by Appellants. As for the remaining subject parcels, the Board did not find good cause to further reduce the valuation rate of \$7 per acre determined by the BOE, so will not disturb these respective valuations.

Based on the above, the decisions of the Bingham County Board of Equalization are affirmed and modified, as detailed below.

FINAL ORDER

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

AFFIRMED – no value changes ordered for the below three (3) subject parcels.

Appeal No. 22-A-1106 (Parcel No. RP0372101)

Category 1 – Irrigated Agricultural (8.255 acres)	\$ 3,475
Category 3 – Non-Irrigated Agricultural (3.0 acres)	\$ 765
<u>Category 5 – Dry Grazing (3.0 acres)</u>	<u>\$ 21</u>
Total Value:	\$ 4,261

Appeal No. 22-A-1107 (Parcel No. RP0372304)

Category 1 – Irrigated Agricultural (100.0 acres)	\$62,032
Category 3 – Non-Irrigated Agricultural (16.0 acres)	\$ 4,080
<u>Category 6 – Dry Grazing (11.755 acres)</u>	<u>\$ 764</u>
Total Value:	\$66,194

Appeal No. 22-A-1109 (Parcel No. RP0372001)

Category 1 – Irrigated Agricultural (74.0 acres)	\$44,972
Category 3 – Non-Irrigated Agricultural (3.0 acres)	\$ 765
<u>Category 5 – Dry Grazing (31.844 acres)</u>	<u>\$ 233</u>
Total Value:	\$45,960

MODIFIED – value changes ordered for the below two (2) subject parcels.

Appeal No. 22-A-1105 (Parcel No. RP0373906)

Category 1 – Irrigated Agricultural (102 acres)	\$124,092
<u>Category 19 – Waste (4.658 acres)</u>	<u>\$ 0</u>

Total Value: \$124,092

Appeal No. 22-A-1108 (Parcel No. RP0373401)

Category 1 – Irrigated Agricultural (279.80 acres)	\$341,825
Category 5 – Dry Grazing (7.0 acres)	\$ 49
<u>Category 19 – Waste (4.50 acres)</u>	<u>\$ 0</u>

Total Value: \$341,874

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 3rd day of February, 2023.