

BEFORE THE IDAHO BOARD OF TAX APPEALS

STEPHEN AND CATHERINE WEAVER,)	
)	
Appellants,)	APPEAL NO. 22-A-1141
)	
v.)	FINAL DECISION AND ORDER
)	
ADAMS COUNTY,)	
)	
Respondent.)	
)	
_____)	

HOMEOWNER'S EXEMPTION APPEAL

This appeal is taken from a decision of the Adams County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RP00300000023CA. The appeal concerns the 2022 tax year.

This matter came on for hearing November 3, 2022, in Council, Idaho, before Board Member Leland Heinrich. Appellant Stephen Weaver was self-represented. Adams County Assessor Stacy Swift Dreyer represented Respondent.

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

The issue on appeal concerns whether the subject property qualifies for the property tax exemption provided in Idaho Code § 63-602G, colloquially referred to as the Homeowner's Exemption.

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

FINDINGS OF FACT

The assessed land value is \$27,996. Appellants contend the correct value is \$15,125.

The subject property is a .34 acre unimproved residential parcel located off Highway 95 in the Rowell's Park Addition subdivision a couple miles south of New

Meadows, Idaho. The subject lot is adjacent to an improved .59 acre residential property to the south, which is situated in Meadows Original Townsite subdivision and serves as Appellants' homestead.

Appellants acquired the subject property in 2016, following the purchase of the adjacent south homestead property in 2015. The subject parcel is also known as Lot 23 in the Rowell's Park Addition development, and Appellants' improved homestead property to the south is comprised of Lots 8, 9, and 10 in Meadows Original Townsite. Sometime between 1964 and 1988, roughly one-half ($\frac{1}{2}$) of the southern portion of Lot 23 in Rowell's was split-off. The prior owner of the subject lot and the homestead property to the south petitioned in 2014 to combine the two (2) parcels, which was granted. Respondent was unsure why the combination was approved because they are situated in different subdivisions, which is typically not allowed. The Homeowner's Exemption was applied only to Appellants' homestead parcel until the 2021 assessment year, when the exemption was extended to the subject lot at the request of Appellants.

In May 2021, the board of county commissioners vacated Fifth Street, which runs along the eastern boundaries of the subject lot and Appellants' homestead parcel. The vacation of Fifth Street added land size to both parcels, so Respondent updated the respective property records accordingly. Based on the new parcel sizes, Respondent determined the subject lot was buildable because it was large enough to conform to the county's setback requirements. As the subject lot was determined to be buildable and thus capable of supporting a residence, Respondent removed the Homeowner's Exemption for the current 2022 year because the exemption applies only to an applicant's

owner-occupied dwelling used as the applicant's primary dwelling place. The exemption remained in place for Appellants' south homestead parcel.

Appellants argued the subject property should receive the Homeowner's Exemption because it is actively used in conjunction with the homestead parcel, primarily for gardening. According to Appellants, a nine (9) foot high game fence extends around the perimeter of both parcels and there is no physical barrier or otherwise distinguishable "border" between the lots. In Appellants' view, the lots represent a single residential parcel and should be considered such for purposes of the Homeowner's Exemption.

Appellants offered to legally combine the lots into a single parcel if that would resolve Respondent's concerns and make the subject property eligible for the exemption. Respondent stated the parcels could not be combined because they are in different subdivisions. As such, Respondent maintained the subject property does not qualify for the Homeowner's Exemption.

Appellants alternatively argued if the subject lot is not eligible for the exemption, then the assessed value should be reduced because it does not represent current market value. Appellants provided a photograph of an active spring on the subject lot with an estimated summer flow of roughly two (2) gallons per minute through a 1-inch pipe. Due to the spring, and the generally shallow water table, which according to Appellants varies between zero (0) and three (3) feet, it was argued no permissible septic system could be installed. This, Appellants contended, renders the subject lot unbuildable, which is not reflected in the current assessed value.

Respondent disagreed the subject lot is unbuildable. An October 7, 2022, letter from the Adams County Planning & Zoning Administrator explained a lot in a subdivision

is considered buildable unless it is designated as open space on the plat map. So, even though designating open spaces was not a common practice at the time Meadows Original Townsite was developed, it was opined the lots identified therein were intended for residential development. It was noted subject is not in a floodplain and has access from Mcleod Lane which runs along the northern boundary of the property. The letter additionally stressed the subject lot has enough width and depth to construct a “sizeable dwelling” and still conform with the county’s twenty (20) foot setback requirements. With no documentation from Southwest District Health or any other governmental authority officially declaring the subject parcel unbuildable, Respondent maintained the lot could be improved and must be assessed accordingly.

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.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2022, in this case. Market value is always estimated as of a precise point in time. Market value is defined in Idaho Code § 63-201, as,

“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.

Market value is estimated according to recognized appraisal methods and techniques. There are three (3) approaches to value: the sales comparison approach, the

cost approach, and the income approach. *Merris v. Ada Cnty.*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979). The sales comparison approach is commonly used in the valuation of a residential property. In general terms, the approach examines recent sales of similar property and considers differences in the property characteristics between subject and the sale properties.

Appellants' primary contention was the subject property qualifies for the Homeowner's Exemption because it is used for residential purposes together with the homestead parcel. In Appellants' view, that the two (2) parcels are situated in different subdivisions is irrelevant because they are fenced-in together and are physically indistinguishable from one another. Appellants pointed to the prior splitting and combining actions involving the subject lot, as well as a nearby owner who was allowed to combine parcels across subdivision lines, as evidence Appellants' two (2) parcels could be combined. While the Board understands Appellants' position, the subject parcel is currently a stand-alone property separate from the south homestead property, so must be evaluated as such.

Further, whether the boundaries between adjoining subdivisions are inviolate as claimed by Respondent and effectively prohibit combining lots from neighboring subdivisions is outside the scope of this Board's jurisdiction. Generally speaking, the Board's jurisdiction in *ad valorem* matters is limited to the exempt status or market value of the property at issue. The salient fact in the case at bar is that as of January 1, 2022, the subject property was a discreet parcel with its own unique parcel number and legal description and was capable of being sold independently of Appellants' homestead

property. Therefore, subject's eligibility for the Homeowner's Exemption must be evaluated independently of Appellants' homestead parcel.

The Homeowner's Exemption is provided in Idaho Code § 63-602G and reads in relevant part,

(2) The exemption allowed by this section may be *granted only if*:

(a) The homestead is owner-occupied and used as the primary dwelling place of the owner . . .

(c) The owner has certified to the county assessor that:

(i) He is making application for the exemption allowed by this section;

(ii) The homestead is his primary dwelling place; and

(iii) He *has not made application* in any other county for the exemption and has not made application for the exemption *on any other homestead in the county*.

(Emphasis added).

The term "homestead" is defined as, ". . . *the dwelling*, owner-occupied by the claimant as described in this chapter and used as the primary dwelling place . . . and so much of the land surrounding it, not exceeding one (1) acre" Idaho Code § 63-701(2) (emphasis added).

There are several key elements in the above code sections required to qualify for the exemption. First, a claimant is allowed to apply for the Homeowner's Exemption on only one (1) property, regardless of how many properties the claimant owns in the same county or different counties, or their physical proximity to one another. Appellants applied for the Homeowner's Exemption on the south homestead parcel in 2015, which was

granted and has been in place ever since. Therefore, Appellants are not permitted to apply for a second exemption on the subject property.

Second, the exemption is for a claimant's homestead, which includes the owner-occupied dwelling of the claimant, plus surrounding land up to one (1) acre. The subject property has no dwelling, nor any other residential improvements. By definition, the exemption is not applicable to unimproved parcels like subject. So, on its own merits, the subject property does not qualify for the Homeowner's Exemption.

Appellants' alternate argument was if the subject property does not qualify for the Homeowner's Exemption, then the assessed value is erroneously high. Pointing to an active spring on the property and the shallow water table, Appellants speculated the subject lot could not be developed in conformity with the county's septic and setback requirements. While water may render a parcel unbuildable, the mere presence of water on a property is not sufficient on its own to reach such a conclusion. Admittedly, there may be additional costs associated with developing a property with a water amenity, but that does not make the parcel unbuildable or worthless.

More importantly here, nothing was offered to corroborate Appellants' assertions the subject lot is unbuildable. In fact, the county's Planning & Zoning Administrator concluded the opposite, saying, ". . . the lot is long enough and wide enough to comply with the setbacks required by the county . . . In conclusion, I can say with confidence that from a planning and zoning standpoint [the subject property] is a buildable lot." Without an official declaration from Southwest District Health or some other relevant government agency declaring the subject property is unbuildable, the Board must conclude the property can be developed for residential use and should be assessed accordingly.

The burden of establishing error in subject's valuation by a preponderance of the evidence falls on Appellants. Idaho Code § 63-511. Under the facts presented here, the Board did not find the burden of proof satisfied. As an undeveloped, stand-alone parcel, the subject property does not qualify for the Homeowner's Exemption. And where there was no support for Appellants' claim the subject lot is unbuildable, the Board found no good cause to disturb the current valuation.

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 18th day of April, 2023.