

BEFORE THE IDAHO BOARD OF TAX APPEALS

SMR MANAGEMENT, LLC,)	
)	
Appellant,)	APPEAL NOS. 24-A-1185
)	through 24-A-1227
v.)	
)	FINAL DECISION AND ORDER
BEAR LAKE COUNTY,)	
)	
Respondent.)	
_____)	

RESIDENTIAL PROPERTY APPEAL

These appeals are taken from decisions of the Bear Lake County Board of Equalization denying appeals of the valuations for taxing purposes on properties described in Attachment A. The appeals concern the 2024 tax year.

These matters came on for hearing October 8, 2024, in Paris, Idaho, before Board Member Doug Wallis. Attorney Dave Bagley appeared at hearing for Appellant. Bear Lake County Assessor Jannelle Jensen represented Respondent.

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

The issues on appeal concern the market values of forty-three (43) residential parcels.

The decisions of the Bear Lake County Board of Equalization are affirmed.

FINDINGS OF FACT

The subject properties are forty-three (43) vacant residential lots situated in the Seven Mile Ranch subdivision located at the northwestern corner of Bear Lake, near St. Charles, Idaho. Though still under development, the subdivision totals more than 250 acres with roughly 250 units envisioned. The development was described as unique in

the county, with an assortment of amenities including a clubhouse, an indoor/outdoor swimming pool, a health and fitness center, a game room, a restaurant, a 5-mile trail system, and three (3) parks.

Appellant did not disagree with the assessed values of the subject lots, but instead argued the parcels qualified for the business inventory exemption pursuant to Idaho Code § 63-602W. It was explained Appellant did not submit an application for the exemption prior to the April 15, 2024, deadline, so the exemption was not granted. Appellant acknowledged the applications were not timely filed, but contended the exemption should be granted because the substantive requirements of the statute were satisfied. Pointing to the language in IDAPA 36.01.01.021 that the rules are to be liberally construed, Appellant petitioned the Board disregard the filing deadline and grant the exemption. Respondent maintained denial of the exemption was proper because Appellant failed to timely file the necessary applications.

In support of subjects' current valuations, Respondent explained a comparative sales analysis was utilized. In this regard, Respondent shared information on two (2) vacant lot sales from subjects' subdivision, both of which transpired during August 2023. The first was a .31 acre lot which sold for \$600,000, and the second was the purchase of a .42 acre parcel for \$700,000. As both sale prices exceeded the respective prior year's assessed values, Respondent concluded values throughout the subdivision needed to be increased to reach market levels. Using the limited sales data, along with current listing price information from the subdivision, which demonstrated a price premium for lots located nearest the water, Respondent developed a land value schedule for the

subdivision and set values accordingly. In Respondent's view, subjects' current assessments are at market value and should therefore be affirmed.

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.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2024, 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.

Market value is estimated according to recognized appraisal methods and techniques. The three (3) primary approaches for determining market value include 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 the differences in property characteristics between subject and the sale properties.

Appellant did not disagree with subjects' assessed valuations. Rather, Appellant contended the properties should be granted the business inventory exemption, as the lots

satisfy all the substantive requirements necessary for the exemption. Though Appellant's position is understandable, the Board disagrees the subject properties qualify for the business inventory exemption for the current assessment year.

To begin, there is some question whether the business inventory exemption issue is even ripe for the Board's consideration. In addition to certain other qualifying criteria, a claimant of the business inventory exemption must file an application with the board of county commissioners ". . . by April 15 and the taxpayer and county assessor must be notified of any decision . . . by May 15. The decision . . . of the board of county commissioners may be appealed to the county board of equalization no later than the fourth Monday in June." Idaho Code § 63-602W(4). In other words, a claimant must first apply for the exemption with the board of county commissioners, and if the application is denied, then the claimant may appeal such denial to the board of equalization.

In the case at bar, Appellant did not file an application for the business inventory exemption with the Bear Lake Board of County Commissioners (BOCC), so that body never had an opportunity to evaluate the issue and render a decision. And because the BOCC did not issue a decision regarding the exemption, there was no exemption issue to appeal to the Bear Lake Board of Equalization (BOE) in June. Rather, the only issue ripe for consideration by the BOE was whether the subject properties were assessed at market value, and that is the same issue presented here to this Board, regardless of Appellant's focus on the exemption.

Even if the exemption issue was properly before this Board, the subject properties do not qualify. The controlling statute unequivocally requires an application for the exemption be filed by April 15, 2024, which did not occur in this case. Appellant conceded

no application was filed, but argued that because the subject properties satisfy the substantive requirements, the exemption should not be denied for a failure to timely file an application. The Board disagrees.

The Idaho Supreme Court has repeatedly held, “[a] claim of exemption from tax must be justified, if at all, by the terms of the statute.” *Roeder Holdings v. Bd. of Equalization*, 136 Idaho 809, 813, 41 P.3d 237, 241 (2001). Further, “[a] statute granting tax exemption cannot be extended by judicial construction so as to create an exemption not specifically authorized. Exemptions are never presumed. The burden is on a claimant to establish clearly a right to exemption. It must be in terms so specific and certain as to leave no room for doubt.” *Sunset Memorial Gardens, Inc. v. Idaho State Tax Comm’n*, 80 Idaho 206, 219, 327 P.2d 766, 774 (1958). Here, the requirements of Idaho Code § 63-602W(4), specifically that an application be filed by April 15, were not satisfied. Therefore, the Board must conclude the subject properties do not qualify for the business inventory exemption for 2024.

The only remaining issue is whether the subject properties were assessed at market value. For this, Respondent shared recent sales information and explained the general methodology used to determine subjects’ valuations. Appellant, by contrast, provided no value evidence to suggest or otherwise demonstrate the valuations are erroneous.

Idaho Code § 63-511 places the burden on Appellant to establish subjects’ valuations are erroneous by a preponderance of the evidence. Given the record here, the Board did not find the burden of proof satisfied. Accordingly, the decisions of the Bear Lake County Board of Equalization are affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Bear Lake County Board of Equalization concerning the subject parcels be, and the same hereby are, AFFIRMED.

DATED this 19th day of November, 2024.