

BEFORE THE IDAHO BOARD OF TAX APPEALS

HI-WAY CHAPEL OF MCCALL, IDAHO, LLC,	)	
	)	
Appellant,	)	APPEAL NO. 23-A-1225
	)	
v.	)	FINAL DECISION AND ORDER
	)	
VALLEY COUNTY,	)	
	)	
Respondent.	)	
	)	
_____	)	

RELIGIOUS EXEMPTION APPEAL

This appeal is taken from a decision of the Valley County Board of Equalization denying an application for property tax exemption on Parcel No. RPM00000164245. The appeal concerns the 2023 tax year.

This matter came on for hearing October 30, 2023, in Cascade, Idaho, before Board Member Leland Heinrich. Reverend Les Roberts appeared at hearing for Appellant. Valley County Deputy Prosecuting Attorney Brian Oakley 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 an exemption from property taxation pursuant to Idaho Code § 63-602B, as property belonging to a religious limited liability company.

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

FINDINGS OF FACT

The assessed land value is \$239,581, and the improvements' value is \$729,887, totaling \$969,468. Appellant contends the subject property is exempt from taxation as property belonging to a religious limited liability company.

The subject property is a 1.04 acre mixed use parcel located in McCall, Idaho. Though detailed characteristics were not provided, the property is improved with a church building, a residence with an attached garage, as well as a detached garage/shop building. The assessment of the improvements includes both residential and commercial components.

Appellant noted the subject property had qualified for the religious exemption for roughly seventy (70) years and contended the same should carry forward for the current 2023 year. Appellant declined to describe activities carried out on the subject property or to otherwise provide insight into how the property is or has been used. Reference was made to a district court case filed by a former member of the church seeking access to the church's financial records wherein the court concluded the former member was only entitled to view public records, not private financial information. In Appellant's view, this uncited district court decision also prohibited the county assessor and the Valley County Board of Equalization (BOE) from seeking any non-public information regarding the church or its activities.

Respondent explained Appellant timely filed an application for the religious exemption on April 17, 2023. The application, however, was mostly blank, except for the statement, "due to our sincere religious beliefs we do not feel like we can share this" written in response to any questions seeking information about the church and how the subject property is used. Appellant declined to provide the missing information to the Valley County Board of Commissioners in April 2023, so the application was denied. Appellant subsequently declined to provide the missing information to the BOE, so the exemption was again denied. Respondent stressed the burden is on Appellant to prove

entitlement to the religious exemption, but given the lack of information concerning the church organization itself and whether the property is used exclusively for religious purposes, Respondent argued the exemption should be denied for 2023.

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.

The issue in this appeal is whether the subject property qualifies for an exemption from property taxation as property belonging to a religious organization. Idaho Code § 63-602B(1) provides,

The following property is exempt from taxation: property belonging to any religious limited liability company, corporation or society of this state, used exclusively for and in connection with any combination of religious, educational, or recreational purposes or activities of such religious limited liability company, corporation or society, including any and all residences used for or in furtherance of such purposes.

The above statute identifies two (2) criteria to qualify for the religious exemption: 1) that the property is owned by a religious entity, and 2) that the property is “used exclusively for and in connection with” the religious purposes or activities of the religious entity. It should also be emphasized the burden of proving entitlement to a property tax exemption is squarely on the person claiming entitlement to the exemption: Appellant in the case at bar.

The Idaho Supreme Court has opined, “[w]hereas the Idaho legislature has chosen not to implement an unlimited property tax exemption for religious properties, it is our

Constitutional duty to protect and advance only those exemptions specifically delineated by the legislature.” *Corp. of the Presiding Bishop of Church of Jesus Christ of Latter-Day Saints v. Ada Cnty.*, 123 Idaho 410, 420-421, 849 P.2d 83, 86 (1993). This requires Respondent to ensure each claim for exemption satisfies all the statutory criteria, which necessarily requires inquiries into the nature of the use of the property for which exemption is being sought.

With respect to a taxpayer’s burden in claiming a property tax exemption, the Court has repeatedly held, “[e]xemptions are never presumed. The burden is on a claimant to establish clearly a right to exemption. An alleged grant of exemption will be strictly construed. It must be in terms so specific and certain as to leave no room for doubt.” *Bistline v. Bassett*, 47 Idaho 66, 71, 272 P. 696, 698 (1928); *See also, Sunset Memorial Gardens, Inc. v. Idaho State Tax Comm’n*, 80 Idaho 206, 219, 327 P.2d 766, 774 (1958). And, “. . . where a doubt arises it should be resolved against the exemption.” *Lewiston Orchards Irrigation Dist. v. Gilmore*, 53 Idaho 377, 383, 23 P.2d 720, 722 (1933).

It has further been observed that, “[a]n exemption from taxation exists only where the exempt body owns the property for which the exemption is sought and the property is also used exclusively for exempt purposes, that is, ownership as well as use.” *Malad Second Ward v. State Tax Comm’n*, 75 Idaho 162, 166, 269 P.2d 1077, 1079 (1954). Here, no information was provided showing Appellant is a religious entity, nor was anything shared regarding the use of the subject property. Stated simply, Appellant’s refusal to provide any information whatsoever leaves the Board with no option but to deny the exemption.

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

FINAL ORDER

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

DATED this 9th day of January, 2024.