

BEFORE THE IDAHO BOARD OF TAX APPEALS

FIRST UNITED METHODIST CHURCH OF	)	
NAMPA, INC.,	)	
	)	APPEAL NOS. 24-A-1100 and
Appellant,	)	24-A-1101
	)	
v.	)	FINAL DECISION AND ORDER
	)	
CANYON COUNTY,	)	
	)	
Respondent.	)	
	)	

RELIGIOUS EXEMPTION APPEALS

These appeals are taken from decisions of the Canyon County Board of Equalization denying exemptions for taxing purposes on properties described by Parcel Nos. 292300100 and 783920000. These appeals concern the 2024 tax year.

These matters came on for hearing January 22, 2025, in Caldwell, Idaho, before the full Board. Attorney Richard Smith appeared at hearing for Appellant. Canyon County Deputy Prosecuting Attorney Trenton McRae represented Respondent.

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

The issue on appeal concerns whether the subject properties qualify for an exemption from property taxation pursuant to Idaho Code § 63-602B, as properties belonging to a religious organization.

The decisions of the Canyon County Board of Equalization are affirmed.

FINDINGS OF FACT

Parcel No. 292300100 (Appeal #24-A-1100)

The assessed land value is \$1,838,630, and the improvements' value is \$2,177,700, totaling \$4,016,330. Appellant contends the property is exempt from property

taxation pursuant to Idaho Code § 63-602B, as property belonging to a religious organization.

This subject property is a six (6) acre parcel located in Nampa, Idaho. The property is improved with a sizeable church building, though physical characteristics were not shared. In addition to a paved parking lot, there is also an overflow gravel parking lot and some unused acreage behind the church building.

Parcel No. 783920000 (Appeal #24-A-1101)

The assessed value of the improvements is \$88,200. Appellant contends the property is exempt from property taxation pursuant to Idaho Code § 63-602B, as property belonging to a religious organization.

This subject property is a modular building used as a mobile classroom unit. The mobile classroom sits on the above subject parcel and was assessed as personal property, so has no associated acreage.

The parties began with a brief timeline of events. On December 28, 2023, the assessor's office mailed courtesy 2024 exemption applications to all owners of parcels that received an exemption the previous year, including Appellant. On March 28, 2024, the assessor's office mailed a reminder letter notifying Appellant that no exemption applications for the subject properties had been received. On April 11, 2024, the assessor's office sent an email notifying Appellant that applications for the religious exemption had not been received and reminded Appellant of the looming April 15, 2024, filing deadline.

On April 17, 2024, Appellant learned the courtesy exemption applications the assessor's office mailed in December had been unintentionally taken home by a church

volunteer and overlooked. The assessor's office mailed a separate application for each subject property, but Appellant believed the assessor's office had inadvertently mailed a duplicate copy of the same application. So, Appellant completed just one (1) application, which happened to be for the mobile classroom parcel (Parcel No. 783920000), and hand-delivered it to the assessor's office on April 18, 2024.

On May 1, 2024, the Canyon County Board of County Commissioners (BOCC) denied Appellant's application. Appellant was notified in a courtesy letter from the assessor's office dated May 2, 2024, that the exemption was denied for the mobile classroom parcel because the application was filed after the April 15th deadline. And, in a separate letter from the assessor's office also dated May 2, 2024, Appellant was notified the religious exemption had been removed from the main church parcel (Parcel No. 292300100) because no application was received for that parcel. Both properties were then assessed at market value and assessment notices were mailed.

After receiving assessment notices, Appellant timely filed appeals for both subject parcels to the Canyon County Board of Equalization (BOE). The hearing before the BOE was held on July 2, 2024, at which time the BOE made no change to the exempt statuses of the subject properties. On July 9, 2024, the BOE's decision letters upholding the assessed values of the subject parcels were mailed to Appellant.

On July 16, 2024, the assessor's office received Appellant's exemption application for the main church parcel (Parcel No. 292300100). Due to the lateness of the filing, no action was taken with respect to this application.

On August 2, 2024, Appellant filed notices of appeal with this Board, claiming the subject parcels should be granted religious exemptions for the current 2024 assessment

year. Appellant acknowledged the exemption applications were untimely but explained the late filings were unintentional and caused by an unusual set of circumstances. Appellant shared that the church's volunteer Treasurer inadvertently took home the courtesy exemption applications the assessor's office mailed in December and only discovered the mislaid applications during the process of moving to a new home. It was also noted the reminder email sent by the assessor's office on April 11, 2024, was sent to a church email address that is not diligently monitored so was not promptly read by church staff. Due to this unfortunate chain of events, church leadership was not made aware of any potential issue with the subject properties' exempt statuses until after the April 15 deadline. Appellant stressed the subject properties have historically been exempt from property taxation and contended such exempt status should not be lost due to an innocent administrative oversight.

In arguing the subject properties should be granted religious exemptions, Appellant stressed the relevant statutes do not explicitly preclude the BOE from exercising its discretion under special circumstances. In Appellant's view, the BOE erred in not exercising its discretion to accept the late-filed exemption applications for the subject properties. Appellant noted the duty of the BOE is to equalize values to ensure each owner bears a proportionate share of the tax burden and opined that because the subject properties otherwise satisfy the necessary criteria, the BOE should have granted the petitioned religious exemptions.

Appellant alternatively argued the "penalty" for failing to timely apply for the exemptions for the subject properties, which means removal of the exemptions and assessing the properties at full market value, is unreasonably harsh and potentially

unconstitutional. In Appellant's opinion, the complete removal of the exemptions, which the subject properties have historically enjoyed, is too severe of a punishment and is not commensurate with the minor offense of filing an exemption application after the deadline.

Respondent contended the BOE's denial of the religious exemption for the mobile classroom parcel was proper because Appellant filed the exemption application on April 18, 2024, three (3) days after the statutory deadline. And because no exemption application was filed for the main church parcel prior to the BOE, Respondent maintained removal of the exemption was appropriate.

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.

Though the issue in this matter was framed by Appellant as simply whether the subject properties qualify collectively for the religious exemption, there is a nuance related to the main church parcel which necessitates a separate analysis.

First, however, we will address whether the mobile classroom parcel (Parcel No. 783920000) qualifies for the religious exemption. The religious exemption is found in Idaho Code § 63-602B, and provides in pertinent part,

- (1) 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 [organization].

The requirements of the statute are undoubtedly satisfied in this case, as the parties agree Appellant is a religious organization and that the mobile classroom parcel is used exclusively for Appellant's religious purposes. The issue, however, concerns the application process; specifically, the April 15 application deadline. Idaho Code § 63-602 reads in relevant part,

(3) All exemptions from property taxation claimed shall be *approved annually by the board of county commissioners* or unless otherwise provided:

(a) [certain identified exemptions] do not require application or approval by the board of county commissioners. For all other exemptions in title 63, Idaho Code, the process of applying is as specified in the exemption statutes or, if no process is specified and application is necessary to identify the property eligible for the exemption, annual application is required. Exemptions in other titles require no application.

(b) For exemptions that require an application . . . the *application must be made to the county commissioners by April 15*

(Emphasis added).

The record is clear Appellant filed the exemption application for the mobile classroom parcel on April 18, 2024, which was untimely. As repeatedly expressed by the Idaho Supreme Court, “[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). The above statute plainly identifies April 15 as the annual deadline by which applications for the religious exemption must be filed with the county commissioners. Appellant did not file the application for the mobile classroom parcel prior to the deadline, so the Board must conclude the property is not entitled to the religious exemption for the 2024 assessment year.

We turn now to the main church parcel and whether it qualifies for the religious exemption. More precisely, the question is whether the issue of the main church parcel's entitlement to the religious exemption is even ripe for consideration. Prior to the issuance of the BOE's decision, no application for the religious exemption was filed for the main church parcel. This is problematic because, in addition to requiring the application "be made to the county commissioners by April 15," Idaho Code § 63-602(3)(b) states,

. . . the taxpayer and county assessor must be notified of any decision [of the board of county commissioners] by May 15, unless otherwise provided by law. The decision of the county commissioners and any subsequent assessment notices sent to the taxpayer may be appealed to the county board of equalization pursuant to Idaho code 63-501 and 63-501A, Idaho Code.

(Emphasis added).

As no application was filed for the main church parcel until after the BOE process concluded, the BOCC had no opportunity to review the property's eligibility for the exemption for 2024 and issue a decision, which decision could then be appealed to the BOE. In short, there was no decision of the BOCC concerning the main church parcel for Appellant to appeal to the BOE. Therefore, the BOE lacked authority to review whether the main church parcel was eligible for the religious exemption. And, because the issue was not ripe for the BOE's consideration, it is likewise not ripe for this Board.

However, even if this Board could address the eligibility of the main church parcel for the religious exemption, the result would be the same as that reached for the mobile classroom parcel, because the application was untimely filed. Appellant did not file an exemption application for the main church parcel until July 16, 2024, two (2) full weeks after the BOE hearing. The controlling statute clearly states, "the application must be made to the county commissioners by April 15." Idaho Code § 63-602(3)(b). The statute

makes no reference to extending or otherwise waiving the filing deadline, and Appellant's contention the BOE had discretion to effectively ignore the statutory filing deadline is unsupported by any legal authority of which this Board is aware.

While the function of the BOE is "to complete the equalization of assessments on all property" and "to hear appeals of assessment or exemption of property," the BOE is not free to deviate from the clear statutory requirements governing Idaho's various legislatively enacted property tax exemptions. Idaho Code § 63-501. The Idaho Supreme Court has long observed, "[t]ax exemptions exist as a matter of legislative grace, epitomizing the antithesis of traditional democratic notions of fairness, equality, and uniformity." *Corp. of the Presiding Bishop of Church of Jesus Christ of Latter-Day Saints v. Ada Cnty.*, 123 Idaho 410, 416, 849 P.2d 83, 86 (1993). "Idaho case law requires that all tax exemption statutes be strictly and narrowly construed against the taxpayer, who must show a clear entitlement, and in favor of the state." *Id.*

Lastly, the Court has consistently held that, "[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). In simple terms, the exemption application for the main church parcel was not timely filed, so the property does not qualify for the religious exemption for 2024.

The Board is sympathetic to Appellant's situation and the financial hardship of losing the exemptions, but we are bound by the provisions of Idaho Code § 63-602, which

unmistakably required Appellant to file the necessary exemption applications by April 15, 2024. As the statute does not contain any waiver of the filing standards, nor does the Board know of any other legal authority permitting such, we are left with no alternative but to deny the exemptions.

Having found the subject properties did not qualify for the religious exemption, Idaho Code § 63-205 requires the properties be assessed at market value. And, the burden of demonstrating error in the assessed values by a preponderance of the evidence falls to Appellant. Idaho Code § 63-511. However, as Appellant did not directly contest subjects' respective assessed values, nor provide evidence to suggest different valuations, the burden of proof was not satisfied. Accordingly, the decisions of the Canyon County Board of Equalization are affirmed.

FINAL ORDER

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

DATED this 20th day of March, 2025.