

BEFORE THE IDAHO BOARD OF TAX APPEALS

HI WILLOW RANCH CORP,	)	
	)	
Appellant,	)	APPEAL NOS. 25-A-1066
	)	through 25-A-1083
v.	)	
	)	FINAL DECISION AND ORDER
BONNEVILLE COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

AGRICULTURAL PROPERTY APPEAL

These appeals are taken from decisions of the Bonneville County Board of Equalization denying appeals of the valuations for taxing purposes on properties described by parcel number in Attachment A. The appeals concern the 2025 tax year.

These matters came on for hearing October 1, 2025, in Idaho Falls, Idaho, before Hearing Officer Travis VanLith. President Tom Loertscher appeared at hearing for Appellant. Bonneville County Assessor Dustin Barron represented Respondent.

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

The issue on appeal concerns the assessed values of eighteen (18) agricultural parcels.

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

FINDINGS OF FACT

The subject properties are agricultural parcels located several miles north of Bone, Idaho, comprising an active cattle ranching operation. With the exception of the homesite parcel (Parcel No. RP01S40E100601), the subject parcels are unimproved agricultural tracts of varying size and type. Nearly all the combined acreage falls into three (3)

agricultural land categories: Category 01 – Irrigated Agriculture, Category 03 – Non-Irrigated Agriculture, and Category 05 – Dry Grazing. The following table details the specific agricultural land categories and associated acreages for each subject parcel.

Parcel Number	CAT 05 Acres	CAT 05 Value	CAT 03 Acres	CAT 03 Value	CAT 01 Acres	CAT 01 Value	Total Acres	Combined Assessed Value
RP01N40E325402	16	\$3,040	4	\$904	0	\$0	20	\$3,944
RP01N40E295281	40.43	\$4,447	52.44	\$13,111	0	\$0	92.87	\$17,558
RP01N40E320602	209.63	\$24,749	70.81	\$16,555	0	\$0	280.4	\$41,304
RP01S40E080002	25	\$2,890	0	\$0	0	\$0	25	\$2,890
RP01S40E160005	240	\$28,000	0	\$0	0	\$0	240	\$28,000
RP01S40E090002*	401.58	\$43,954	0	\$0	69	\$40,669	470.6	\$84,623
RP01S40E231802	40	\$6,055	0	\$0	0	\$0	40	\$6,055
RP01S40E230002	62	\$6,575	98	\$25,046	0	\$0	160	\$31,621
RP01S40E050002	22.52	\$2,577	0	\$0	0	\$0	22.52	\$2,577
RP01S40E040002	371.52	\$39,547	71	\$17,750	19	\$7,961	461.5	\$65,258
RP01S40E242402	160	\$16,000	0	\$0	0	\$0	160	\$16,000
RP01S40E140002	288	\$45,425	272	\$71,536	0	\$0	560	\$116,961
RP01S40E116001	40	\$4,730	0	\$0	0	\$0	40	\$4,730
RP01S40E133001	160	\$19,320	0	\$0	0	\$0	160	\$19,320
RP01S40E030601**	362.61	\$38,071	0	\$0	14	\$8,750	376.6	\$46,821
RP01S40E150002	400	\$51,435	0	\$0	0	\$0	400	\$51,435
RP01S40E109001	40	\$4,795	0	\$0	0	\$0	40	\$4,795
RP01S40E100601***	376	\$37,400	0	\$0	81	\$58,698	457	\$96,098

* This parcel also has 13 acres of Category 04 - Meadow and a small non-residential outbuilding.

** This parcel also has 4 acres of Category 04 - Meadow.

***This is the homesite parcel, so it includes various improvements, as well as 22 acres of Category 04 - Meadow.

Appellant discussed the subject parcels in turn, noting the particular difficulties and challenges associated with each. The common difficulties shared by most of the subject parcels were large rock outcroppings where grass does not grow and steep

topography which prevents cattle from accessing certain portions of the properties. Appellant also highlighted a utility access road easement running through two (2) of the subject parcels and contended the encumbered acreage should be removed from the respective assessments because the land cannot be used for the benefit of the ranch. In Appellant's view, subjects' current valuations fail to consider the lower carrying capacity of the land on account of the areas of the subject parcels incapable of growing grass or inaccessible to the herd.

Appellant's concerns centered on the assessed values of subjects' dry grazing and irrigated agriculture acreages, which were noted to have increased dramatically since 2020. Indeed, Appellant calculated increases ranging from 69% to 113% for subjects' dry grazing acreage and increases from 63% to 225% for subjects' irrigated agricultural ground over that six (6) year period. The changes in value from 2024 to the current 2025 assessment year were likewise notable, with increases from 31% to 54% for subjects' dry grazing acreage and 11% to 40% for subjects' irrigated agricultural ground. Appellant contended the increases run contrary to recent market trends which have seen lower yields, higher production costs, and reduced profits.

Regarding subjects' irrigated acreage, Appellant identified several factors noted to have contributed to production difficulties. The first challenge is the roughly 6,000 foot elevation in subjects' area and the naturally shorter growing season compared to lower elevations. This, combined with the lack of rain the last few years, negatively impacted crop yields on the subject parcels. According to Appellant, subjects' typical irrigated barley yields for a wet year are about 70 bushels per acre; however, the yield dropped to 28.6 bushels per acre in 2024 due to an unexpected frost and a hot, dry summer. Appellant

also shared no hay has been sold in the last five (5) years due to the feeding needs of the herd and lower crop yields as a result of the drought.

The lack of rain was argued to particularly impact subjects because pumps are required to irrigate the parcels. However, because the properties do not have three-phase power, phasing equipment must be used to provide the power needed to run the pumps. As a result, Appellant estimated its electricity costs are 30% higher than any other farm in the area, as those operations do not rely on pumps to provide irrigation for the crops. Appellant further cited increased fuel, fertilizer, and chemical costs as additional challenges to overall profitability.

Looking at subjects' dry grazing acreage, Appellant stressed the carrying capacity has not improved, so there is no justification for an increase in the assessment rate. In addition to back-to-back drought years which caused Appellant to reduce the size of the herd, it was noted production costs have continued to climb. Specifically, Appellant cited higher costs for labor, minerals, insurance, veterinarian services, mandated vaccines, mandatory testing, brand fees, and mandatory check-off fees. On the production side, Appellant sold roughly one-half ($\frac{1}{2}$) the number of steers and heifers in 2024 than in the prior two (2) years. Appellant questioned how subjects' dry grazing values could increase an average of 44% given the challenging economic climate the cattle industry has faced in recent years.

In support of a lower valuation for subjects' dry grazing land, Appellant shared assessment information on a dry grazing parcel located a few miles away in neighboring Bingham County. The referenced parcel was a 40-acre tract described as generally similar to subjects but somewhat superior because Willow Creek runs through the

property. The parcel was assessed at \$2,600, or approximately \$64 per acre. Appellant contended subjects' dry grazing acreage should likewise be assessed at \$64 per acre.

Respondent clarified it utilizes the crop share method to determine agricultural land values in the county, whereas neighboring Bingham County relies on the cash rent method. It was explained the cash rent method relies on surveys of leases, whereas the crop share method utilizes actual crop yields, prices, and costs. Respondent noted the crop share method allows for more inputs into the model and, in Respondent's opinion, best reflects what is happening in the county, where most farms and ranches are owner-operated, not leased to third party operators.

To develop its crop share valuation model, Respondent annually surveys farmers and ranchers regarding yields and production costs. The survey data is segregated by specific geographic area within the county and values are determined for the various soil classes in each land category. The survey data for dry grazing indicated a median animal unit month (AUM) rate of \$24 and a grazing period of four (4) months. A 7.37% capitalization rate was used, resulting in a value of \$165 per acre for "average" class soil in the dry grazing category. The \$165 per acre rate was adjusted upward for soils with higher class ratings and downward for lower rated soils. A rate of \$190 per acre was determined for soils with the highest class rating of "best," while soils rated "poor" were valued at a rate of \$125 per acre. Subjects' dry grazing values varied from \$99 to \$190 per acre, with an overall average of \$122 per acre. Respondent stressed subjects' rocky outcroppings and difficult terrain are reflected in the lesser soil ratings and lower rates applied to the dry grazing acreage.

Respondent employed a similar methodology to develop values for irrigated agricultural ground in subjects' area. Values varied from \$494 per acre for Class 6 land to \$727 per acre for land rated Class 1. Subjects' irrigated land values varied from \$419 to \$625 per acre, with an average of \$590 per acre. Respondent maintained subjects were fairly and accurately valued under the model.

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.

Appellant was concerned with the notable increases in the values of subjects' dry grazing acreage and irrigated agricultural land and questioned whether consideration was given for the rocky outcroppings dotting the subject parcels, as well as the generally difficult terrain. Appellant contended there was no support for the higher valuations, particularly given the dramatic rise in production costs and a reduction in crop yields due to several years of drought. In Appellant's view, subjects' dry grazing land values should closely align with the \$64 per acre rate applied to a dry grazing parcel situated in neighboring Bingham County.

While the Board understands Appellant's preference for the referenced \$64 per acre rate, it was developed using the cash rent method, whereas Respondent utilizes the crop share method to value agricultural land in the county. Respondent regarded the crop share method as more reliable because it uses actual yields, crop prices, and production

costs, whereas the cash rent method is reliant on lease information obtained from voluntary surveys. Though there are strengths and weaknesses with each approach, both are permissible methods for valuing agricultural land in Idaho.

Idaho Code 63-205C reads in relevant part,

(1) The market value of land actively devoted to agriculture is its actual use value. Actual use value shall be established by capitalization of economic rent or long-term average crop rental at a capitalization rate that shall be either the rate of interest charged by lenders in the local area for agricultural property loans or by the Spokane office of the farm credit system, each averaged over the immediate past five (5) years, whichever is higher, plus the local tax rate.

. . .

(4) Rental rates, interest rates, commodity prices, and input prices or other landlord expenses typical to the county of the property being assessed shall be used.

(5) The state tax commission shall adopt rules implementing the provisions of this section that shall provide the procedure by which economic rent, average crop rental, and capitalization rates shall be established.

The above statute provides the general framework for both the crop share and cash rent methodologies. More specific guidance on how to determine specific inputs into the respective models is provided in Rule 617 of Idaho's Property Tax Administrative Rules, the details of which are not relevant here. What is important is that either methodology is available to the county assessor, though "[t]he choice to use cash rent or crop share analysis in determining the taxable value of agricultural land should be predicated on the quantity and quality of data available when developing a supportable value conclusion." IDAPA 35.01.03.617.02.c. Here, Respondent's agricultural valuation model is adjusted each year based on local surveys and other crop production data

collected. In other words, Respondent's model is predicated on a sufficient quantity of good quality local data and therefore adheres to applicable regulations.

As Respondent's crop share methodology is acceptable under Idaho Code, the question is whether the model adequately accounted for subjects' difficult terrain and actual production potential. Though Respondent did not share details of each subject parcel's specific valuation analysis, it is clear Respondent's model recognized differences in the physical characteristics of subjects' dry grazing land, as the values varied from \$99 to \$190 per acre. Recognition of subjects' less desirable physical characteristics was further evident in the valuation rates determined for each soil class, with a rate of \$165 per acre for soil with an "average" class rating. All of subjects' dry grazing acreage, with the exception of that associated with the homesite parcel, was assessed less than \$165 per acre, which demonstrates that Respondent recognized the subject parcels are below average for the area. In similar fashion, subjects' irrigated land was also assessed at varying rates according to the specific soil class ratings, though none were assessed at the highest irrigated agricultural rate of \$727 per acre. In all, the Board was strained to find error in Respondent's methodology or in how the model was applied to the subject properties.

The burden of establishing error in subjects' valuations by a preponderance of the evidence is Appellant's to bear. Idaho Code § 63-511. The Board did not find the burden of proof satisfied in this instance. Respondent's use of the crop share method to assess the subject parcels was found to be consistent with Idaho Code, and where the methodology was uniformly applied, there is no good cause to disturb the values determined by Respondent.

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

FINAL ORDER

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

DATED this 11th day of December, 2025.