

BEFORE THE IDAHO BOARD OF TAX APPEALS

TEMPLE OF ALL-AVATAR,	)	
	)	
Appellant,	)	APPEAL NOS. 24-A-1048,
	)	24-A-1049, 24-A-1050, and
v.	)	24-A-1051
	)	
BENEWAH COUNTY,	)	FINAL DECISION AND ORDER
	)	
Respondent.	)	
	)	
	)	
	)	

RELIGIOUS EXEMPTION APPEALS

These appeals are taken from decisions of the Benewah County Board of Equalization granting partial exemptions for two (2) properties and denying exemptions on two (2) others. The properties are described by Parcel Nos. RP002700100280, RP002700100290, RP002700100305, and RP002700100310. The appeals concern the 2024 tax year.

These matters came on for hearing October 22, 2024, in St. Maries, Idaho, before Board Member Kenneth Nuhn. Katja Gwynn appeared at hearing for Appellant. Benewah County Deputy Prosecuting Attorney Aaron Freundenthal represented Respondent.

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

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

The decisions of the Benewah County Board of Equalization are modified and reversed.

FINDINGS OF FACT

Parcel No. RP002700100280 (Appeal No. 24-A-1048)

The assessed land value is \$1,680. 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 twenty (20) acre parcel improved with a rectory, a chapel, and several accessory buildings. The improvements and 2.5 acres were granted exemption pursuant to Idaho Code § 63-602B, and the remaining 17.5 acres were specially assessed as forestland. For purposes of this decision, this subject property will be referred to as Lot 280.

Parcel No. RP002700100290 (Appeal No. 24-A-1049)

The assessed land value is \$1,824. 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 twenty (20) acre parcel improved with a small cabin. The cabin and one (1) acre were granted exemption pursuant to Idaho Code § 63-602B, and the remaining nineteen (19) acre were assessed as forestland. This subject property will be referred to as Lot 290.

Parcel No. RP002700100305 (Appeal No. 24-A-1050)

The assessed land value is \$960. 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 vacant ten (10) acre parcel assessed as forestland. This subject property will be referred to as Lot 305.

Parcel No. RP002700100310 (Appeal No. 24-A-1051)

The assessed land value is \$960. 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 vacant ten (10) acre parcel assessed as forestland. This subject property will be referred to as Lot 310.

The subject properties are adjacent continuous rural tracts located south of St. Maries, Idaho. The parcels were described as generally mountainous and mostly forested with connecting trails and roads.

Appellant began with a brief history of the organization and the subject properties. Appellant was established in 2000 for religious, charitable, educational, literary, and scientific research purposes as a church and association of churches. Appellant was recognized as a 501(c)(3) tax-exempt church by the Internal Revenue Service in 2001. In 2002, following registration with the Idaho Secretary of State, Appellant was issued an Idaho Unincorporated Nonprofit Association number.

In 2020, the subject properties were gifted to Appellant. According to Appellant, the properties have since been used exclusively for and in connection with the religious, recreational, and educational purposes put forth in Appellant's founding Charter. In 2023, Appellant applied for the religious exemption but was ultimately denied for issues related to the application. For 2024, Appellant again applied for the religious exemption, claiming the subject properties were used in connection with Appellant's religious purposes. Ultimately, the Benewah County Board of Equalization (BOE) granted only partially exempt status to subject Lots 280 and 290 and no exempt status for Lots 305 and 310. Appellant contended the entirety of all four (4) parcels are used for qualifying purposes, so the BOE erred in denying the exemption for Lots 305 and 310 and granting only partial exemptions for Lots 280 and 290.

Respondent acknowledged the rectory, chapel, and retreat cabins, as well as the directly associated acreage, did qualify for the religious exemption, but questioned whether the remaining portions of the parcels were used in a qualifying manner. Respondent's inability to confirm how the properties are used and how much of the properties are used were cited as reasons for its reticence to grant the religious exemptions. Respondent wanted to see more details concerning the use, including a map of trails, archery ranges, and other improvements made to the properties. In short, Respondent stated the religious exemption could not be granted without a more complete accounting of how much of the subject parcels are actually used for qualifying purposes.

Appellant explained that while regular formal weekly gatherings are not held at the subject properties, congregants or members frequently visit the facilities for worship, counseling, and therapy. It was noted the priest and groundskeeper reside at the rectory. And in terms of activity, Appellant estimated church activities occur on the subject properties three (3) to five (5) times a week, involving anywhere from a single member to several families. Appellant shared its membership extends around the world and members can freely use, hike, and camp anywhere on the subject lots. Baptisms, meditations, and nature weddings have been hosted on the properties, and Appellant has future plans to construct additional retreat cabins on all four (4) parcels. Appellant maintained the entirety of the subject properties are open to members, and due to the lack of fences or other artificial barriers, access between the parcels is uninterrupted. In Appellant's view, the qualifying criteria for the religious exemption have been satisfied and subjects should 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 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 sole issue on appeal is whether the subject properties are entitled to exemption from taxation pursuant to Idaho Code § 63-602B, commonly referred to as the religious exemption.

Idaho Code § 63-602B reads in relevant 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 limited liability company, corporation or society, including any and all residences used for or in furtherance of such purposes.

The statute identifies two (2) distinct qualifying criteria for the exemption: 1) that the property in question belongs to a religious organization, and 2) that the property be used exclusively for the religious, educational, or recreational purposes for which the religious entity is organized. In short, the statute requires both ownership and use be exclusive to and for the religious entity claiming exemption.

In 2000, the Appellant society was established in Idaho for religious, charitable, educational, literary, and scientific research purposes as a church and association of churches. In May 2001, the Internal Revenue Service issued a determination letter recognizing Appellant as exempt from income tax under section 501(c)(3) of the Internal Revenue Code. And in February 2002, Appellant filed as a nonprofit association with the

Idaho Secretary of State. It is clear Appellant is a religious organization, and as the title owner, the subject properties undoubtedly “belong” to Appellant as contemplated by the statute. The Board finds the ownership prong of the test has been satisfied.

On the issue of subjects’ use, Appellant testified the entirety of the parcels are used in furtherance of the society’s religious, educational, and recreational purposes. Though Appellant imposes no formal membership requirements and formal services are held at irregular intervals, Appellant explained the properties are regularly visited by members from across Idaho and around the world who come for counseling, meditation, healing, blessings, prayer, baptisms, weddings, and nature hikes. In addition to using the rectory, chapel, and retreat cabin, visitors can also set up camp anywhere on subjects’ combined sixty (60) acres. Appellant explained there are no fences or other barriers, so the subject parcels are fully accessible via the numerous trails crisscrossing the lots. Appellant also shared plans for a half-dozen future retreat cabins to be constructed across all four (4) subject parcels.

Respondent questioned whether the use requirement had been satisfied. Respondent was unsure how much of the subject properties are used for qualifying purposes and, without more verification, maintained the partial exemptions granted for Lots 280 and 290 and the denial of exempt status to Lots 305 and 310 were proper under the circumstances presented here. While Respondent’s concerns are understandable, as “ . . . all tax exemption statutes [must] be strictly and narrowly construed against the taxpayer . . .” the Board reached a different conclusion with respect to subjects’ exempt status. *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).

Though more details about specific events held at the subject properties or photographs of the nature trails and improvements could have proven enlightening on the question of use, Appellant extensively testified to the various spiritual activities hosted at the subject properties, and there was nothing in the record to suggest the properties are used for different or alternative purposes. Therefore, the Board must reasonably conclude the subject properties are used exclusively for the purposes for which Appellant, a religious society, was organized. Accordingly, the Board finds the subject properties satisfy the requirements of Idaho Code § 63-602B and are entitled to the property tax exemption provided thereunder.

The decisions of the Benewah County Board of Equalization are modified with respect to Lots 280 and 290 to reflect full religious exemption status and reversed with respect to Lots 305 and 310 to also reflect religious exempt status.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Benewah County Board of Equalization concerning the subject parcels be, and the same hereby are, MODIFIED and REVERSED to reflect exempt status for all four (4) subject parcels pursuant to Idaho Code § 63-602B, as properties belonging to a religious organization.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 63-1305, any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 7th day of February, 2025.

