

BEFORE THE IDAHO BOARD OF TAX APPEALS

MICHAEL AND JENNIFER MCCARVER,)	
)	
Appellants,)	APPEAL NOS. 14-A-1125
)	thru 14-A-1131
v.)	
)	FINAL DECISION
BENEWAH COUNTY,)	AND ORDER
)	
Respondent.)	
)	
)	
)	

AGRICULTURAL EXEMPTION APPEAL

These appeals are taken from decisions of the Benewah County Board of Equalization denying protests of valuation for taxing purposes of properties described in Attachment A. The appeals concern the 2014 tax year.

These matters came on for hearing October 8, 2014 in St. Maries, Idaho before Board Member Linda Pike. Appellants Michael and Jennifer McCarver were self-represented. Assessor Donna Spier represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

The issue on appeal concerns the valuation of dry grazing acreage.

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

FINDINGS OF FACT

Assessment information for the individual subject parcels is detailed below.

Parcel No. RP44N04W158500A (Appeal No. 14-A-1125)

<u>Category/description</u>	<u>Acreage</u>	<u>Assessed Value</u>
5 - dry grazing	77	\$ 24,409
10 - homesite	1	\$ 16,000
19 - waste	2	\$ 0
31 - residential improvements	n/a	\$244,000

Parcel No. RP44N04W21050BA (Appeal No. 14-A-1126)

<u>Category/description</u>	<u>Acreage</u>	<u>Assessed Value</u>
5 - dry grazing	138.88	\$44,025
19 - waste	1	\$ 0

Parcel No. RP44N04W217500A (Appeal No. 14-A-1127)

<u>Category/description</u>	<u>Acreage</u>	<u>Assessed Value</u>
5 - dry grazing	233.87	\$74,136
19 - waste	.625	\$ 0

Parcel No. RP44N04W222400A (Appeal No. 14-A-1128)

<u>Category/description</u>	<u>Acreage</u>	<u>Assessed Value</u>
5 - dry grazing	200	\$63,400

Parcel No. RP44N04W227800A (Appeal No. 14-A-1129)

<u>Category/description</u>	<u>Acreage</u>	<u>Assessed Value</u>
5 - dry grazing	80	\$25,360

Parcel No. RP44N04W229205A (Appeal No. 14-A-1130)

<u>Category/description</u>	<u>Acreage</u>	<u>Assessed Value</u>
5 - dry grazing	160	\$ 53,720
32 - non-residential improvements	n/a	\$186,760

Parcel No. RP44N04W223000A (Appeal No. 14-A-1131)

<u>Category/description</u>	<u>Acreage</u>	<u>Assessed Value</u>
5 - dry grazing	40	\$12,680

The contiguous subject properties collectively comprise a cattle ranch operation near Tensed, Idaho. Only the dry grazing values associated with each parcel are under appeal here.

Appellants explained the subject parcels are used to support between 500 and 600 head of cattle, and dry grazing activities are limited to about five (5) months per year.

During the remainder of the year the cattle are maintained in a feedlot. Appellants argued the dry grazing assessment rate of \$317 per acre was too high given the level of production of the subject parcels. Because Appellants operate a natural beef ranch, it was noted expenses were higher than other ranching operations in the area. Appellants contended subjects should be valued at \$250 per acre.

Respondent explained agricultural land values are determined using the statutory formula referenced in Idaho Code § 63-602K, and further detailed in the Administrative Rules of the Idaho State Tax Commission. In general terms, the formula considers soil type, yield rates, income and expense data, and other relevant factors in determining the base valuation rate for different categories of agricultural land. Respondent accumulates some of the needed information from annual surveys of agricultural operations in the county. For dry grazing, Respondent estimated an average monthly rental rate of \$12 per animal, for five (5) months per year, and an annual expense rate of 15%. The formula indicated a base dry grazing value rate of \$661 per acre, which rate would apply to grazing land capable of supporting one (1) animal per acre. Respondent adjusted the rate downward to reflect the more practical rate of .48 head per acre, or \$317 per acre.

Appellants argued the 15% expense rate was too low, thereby resulting in a higher valuation rate. Appellants also provided information regarding lower dry grazing assessment rates in other counties. Respondent acknowledged dry grazing rates vary across the state, but explained there are a number of factors, such as soil type, which greatly influence the value. Respondent maintained the dry grazing rate applied to

subjects was supported by local data and survey responses.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho requires all non-exempt property be assessed annually at market value for taxation purposes on January 1 of the applicable tax year. Idaho Code § 63-203 and Idaho Code § 63-205. Qualifying agricultural property, as defined in Idaho Code § 63-604, represents one (1) type of property excluded from market value assessment. Instead, agricultural property is assessed at a lesser rate, according to the statutory formula outlined in Idaho Code § 63-602K. Inputs for the factors included in the formula come from different sources, including income and expense information obtained through annual surveys of local farmers and ranchers.

In assessing the dry grazing portions of the subject parcels, Respondent used the above-referenced formula, which yielded a base valuation rate of \$661 per acre. The base rate was adjusted downward based on subjects' soil type, which cannot support one (1) animal per acre as reflected in the base rate. Rather, Respondent used a rate of .48 animals per acre, which resulted in a valuation rate of \$317 per acre.

Appellants argued some of the variables in the formula did not reflect the realities of the ranching operation. In particular, Appellants contended the expense rate was too low and further that subjects' soil type rating was too high. Appellants provided income and expense information for 2013 and requested it be used to determine the valuation rate. While the Board appreciated Appellants' candor and willingness to share information regarding the ranching operation, agricultural valuation rates are intended to apply more broadly so the same type of agricultural properties are assessed consistently and uniformly, regardless of an individual operator. The Board acknowledges individual operations may vary in terms of actual performance, but the key objective of agricultural assessments is to determine the typical performance of a particular type of agricultural land. As such, relying strictly on the performance of an individual operation in determining its value would be inappropriate.

As applied to this particular case, the Board found no error with subjects' dry grazing values. Respondent classified subjects in the DG2 (dry grazing 2) category, which type of land is capable of supporting roughly one (1) animal per two (2) acres. In total, subjects contain nearly 1,000 acres of dry grazing land and the ranching operation consists of between 500 and 600 head of cattle. This equates to roughly approximately one (1) animal per two (2) acres.

In appeals to the Board, the burden rests with Appellants to prove error in subjects' assessed values by a preponderance of the evidence. Idaho Code § 63-511. Based on the evidence presented, the Board finds the burden of proof was not satisfied. The

assessed values determined by Respondent appear reasonable and supported by the evidence in record. Accordingly, the decisions of the Benewah County Board of Equalization are affirmed.

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 is, AFFIRMED.

DATED this 17th day of February, 2015.

Attachment A

Michael and Jennifer McCarver
Benewah County
2014 Tax Year

	<u>Appeal No.</u>	<u>Parcel No.</u>	<u>BOE Value</u>	<u>Requested Value</u>
1.	14-A-1125	RP44N04W158500A	\$320,459	\$250 per acre
2.	14-A-1126	RP44N04W21050BA	\$ 44,025	\$250 per acre
3.	14-A-1127	RP44N04W217500A	\$ 75,136	\$250 per acre
4.	14-A-1128	RP44N04W222400A	\$ 63,400	\$250 per acre
5.	14-A-1129	RP44N04W227800A	\$ 25,360	\$250 per acre
6.	14-A-1130	RP44N04W229205A	\$240,480	\$250 per acre
7.	14-A-1131	RP44N04W223000A	\$ 12,680	\$250 per acre