

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF MONARCH) APPEAL NO. 13-A-1190
HOLDING COMPANY, LLC from a decision of the)
Twin Falls County Board of Equalization for tax year) FINAL DECISION
2013.) AND ORDER

AGRICULTURAL EXEMPTION APPEAL

THIS MATTER came on for hearing December 5, 2013, in Twin Falls, Idaho before Hearing Officer Travis VanLith. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Attorney Gary Slette appeared at hearing for Appellant. Assessor Gerry Bowden and Appraisers Michael Brown and John Knapple appeared for Respondent Twin Falls County. This appeal is taken from a decision of the Twin Falls County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RPT38120020120A.

The issue on appeal is whether certain land qualifies for exempt status as “land actively devoted to agriculture” pursuant to Idaho Code § 63-604(1)(b).

The decision of the Twin Falls County Board of Equalization is affirmed.

FINDINGS OF FACT

A portion of subject, .529 acres, is valued as irrigated agricultural land with an assessed value of \$888. The remaining .316 acres is valued as commercial property with an assessed value of \$145,468. Asphalt improvements are assessed at \$8,769. The subject parcel’s total assessed value is \$155,125.

Appellant requests the portion that is the .316 acres be granted the agricultural exemption with this land’s value reduced to \$530. There is no change requested on the remaining land value or the improvements' value. Appellant’s total value claim is therefore \$10,187.

Prior to January 1, 2013, a portion of subject was paved so that a bank located on an

adjacent property could commence temporary operations until its permanent building was constructed. A temporary modular office/trailer was moved onto the paved portion of subject where the bank conducted business. Sometime later, the temporary office/trailer was removed from subject and the commercial activities ceased.

Appellant maintained the actual and functional use of subject is geared toward farm-support, not commercial use, and therefore contended all of subject's land should be placed back into an agricultural category and granted the exemption. It was argued where subject is zoned commercial does not mean it is actually used as a commercial property. Appellant contended the asphalt portion is now used for farming purposes in support of a large farming operation.

Respondent explained the agricultural exemption was denied due to the non-agricultural use. The County acknowledged there is currently no commercial activity taking place on the property. The agricultural exemption was denied because the paved portion of subject was not being actively devoted to agriculture. Respondent noted other historically farm properties received similar treatment. It was reported subject was valued at a commercial rate because properties in the immediate area are also commercial. It was contended if subject were to sell, it would likely be at a commercial rate.

Information on four (4) sales of commercial lots was provided by the County. The average price per square foot of the sales was \$13.48. The sales ranged in size between 1.0 and 1.3 acres, with indicated price rates between \$11.26 and \$18.86 per square foot. One (1) sale was disregarded in the consideration of value due to unusual circumstances surrounding the sale. Using the three (3) remaining sales, Respondent calculated subject's commercial land

value based on the rate of \$11.25 per square foot.

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.

All property within the jurisdiction of this state, not expressly exempt, is subject to assessment and taxation. Idaho Code § 63-203. Appellant brings a claim for exemption pursuant to Idaho Code § 63-604(1)(b).

The agricultural property exemption provides for a special valuation each year it meets the qualification criteria. The pertinent legal language follows.

Idaho Code § 63-604 Land actively devoted to agriculture defined.

(1) For property tax purposes, land which is actively devoted to agriculture shall be eligible for appraisal, assessment and taxation as agricultural property each year it meets one (1) or more of the following qualifications:

(a) The total area of such land, including the homesite, is more than five (5) contiguous acres, and is actively devoted to agriculture which means . . . it is used to produce field crops . . . nursery stock . . . or . . . for grazing purposes . . .

(b) The area of such land is five (5) contiguous acres *or less and such land has been actively devoted to agriculture* within the meaning of subsection (1)(a) of this section during the last three (3) growing seasons; and

(i) It agriculturally produces for sale or home consumption the equivalent of fifteen percent 15% or more of the owner's or lessee's annual gross income; or

(ii) It agriculturally produced gross revenues in the immediately preceding year of one thousand dollars (\$1,000) or more. When the area of such land is five (5) acres or less, such land shall be presumed to be non agricultural land until it is established that the requirements of this subsection have been met. . . . (Emphasis added).

From the record, the Board found there was no qualifying agricultural use associated with the asphalted portion of subject. The agricultural exemption is a land use exemption. The land

at issue must annually meet certain use criteria in order to qualify for exempt status. The Board found in this case that the portion of subject in question, during the time period at issue, was not actively devoted to agriculture as defined by the statute.

Next, we look to the assessed value of the .316 acre portion. Respondent provided information on four (4) vacant commercial lot sales that were considered in determining a median price rate of \$13.48 per square foot. Respondent valued subject's commercial land at the rate of \$11.25 per square foot.

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

While subject is currently not used for commercial purposes, it is also not used for a residential or farming purpose. Respondent found the commercial category fit best in this situation wherein the subject property is zoned for commercial and would likely sell as a commercial parcel. Appellant did not prove a better classification was warranted. Given the evidence in record, the category used by the County appears reasonable.

In appeals to this Board, the burden lies with Appellant to prove error in subject's valuation by a preponderance of the evidence. See Idaho Code § 63-511. Appellant did not provide evidence sufficient to overturn the determination made by Respondent on the amount of acreage qualifying as land actively devoted and used for agriculture. Nor was error proven in the rate of assessment applied to the subject land. Based on the record before us, the decision of the Twin Falls County Board of Equalization will be affirmed.

FINAL ORDER

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

DATED this 25th day of March, 2014.