

BEFORE THE IDAHO BOARD OF TAX APPEALS

THE COMMUNITY SCHOOL, INC.,	)	
	)	
Appellant,	)	APPEAL NO. 16-A-1043
	)	
v.	)	FINAL DECISION
	)	AND ORDER
BLAINE COUNTY,	)	
	)	
Respondent.	)	
_____	)	

**PROPERTY TAX EXEMPTION APPEAL**

This appeal is taken from a decision of the Blaine County Board of Equalization denying a claim for property tax exemption and modifying the protest of valuation for taxing purposes of property described by Parcel No. RPK0499000021A. The appeal concerns the 2016 tax year.

This matter came on for hearing September 28, 2016 in Hailey, Idaho before Board Member David Kinghorn. Appellant was represented at hearing by Attorney John Seiller. Blaine County Prosecuting Attorney Tim Graves represented Respondent.

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

**The issue on appeal concerns whether the subject property qualifies for an exemption from property taxes pursuant to Idaho Code § 63-602C, as property belonging to a charitable organization, or Idaho Code § 63-602E, as property for school or educational purposes.**

**The decision of the Blaine County Board of Equalization is reversed.**

FINDINGS OF FACT

The total original assessed value was \$4,134,270. The Blaine County Board of Equalization reduced the assessed land value to \$1,425,000, and the improvements' value to \$1,447,916, totaling \$2,872,916. Appellant contends subject is exempt from property taxation under either the charitable exemption statute or the educational exemption statute. In the

alternative, Appellant contends the correct total value is \$1,918,335.

The subject property is a 1.54 acre parcel located in Ketchum, Idaho and is improved with an 18,952 square foot building.

Appellant is an I.R.C. Section 501(c)(3) nonprofit organization which operates a school in Sun Valley serving students from the age of two (2) years through high school. As part of its educational mission, Appellant also provides boarding facilities for roughly twenty (20) high school students who otherwise reside outside the area. The subject property was purchased in an effort to expand the number of boarding students Appellant can accommodate to fifty (50). To this end, Appellant purchased subject in October 2015, which until that time, had been used as an office building. After purchase, Appellant proceeded to get the necessary zoning changes in place and began converting the building, with construction scheduled to finish in December 2016.

Appellant contended subject qualifies for a full property tax exemption as either property belonging to a charitable organization or property used for educational purposes, pursuant to Idaho Code § 63-602C or § 63-602E, respectively. Appellant noted the property has not generated any revenue or profit, nor has it been used for any purpose other than to further Appellant's charitable and educational mission. Instead, Appellant argued the property had been held for building the new facility, which in turn furthers the organization's charitable and educational mission. In Appellant's view, subject qualifies for both exemptions.

Respondent argued subject does not qualify for either exemption because both require the property to be actually used for the charitable or educational purposes for which Appellant is organized. Because subject was under construction during 2016, Respondent contended it

was not used for such charitable or educational purposes. Respondent acknowledged, however, once the building is occupied by students, it would likely qualify for either exemption.

Appellant alternatively argued if subject does not qualify for an exemption, the total assessed value should be reduced to \$1,918,335. The basis for Appellant's value claim stemmed from an independent appraisal prior to subject's purchase. Respondent agreed Appellant's proposed value was reasonable and appropriate.

### 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.

The first issue concerns whether the subject property qualifies for a property tax exemption under either Idaho Code § 63-602C or § 63-602E. The second issue concerns the market value of subject if it is found to not be exempt.

We turn first to whether subject qualifies for exemption under the charitable exemption, Idaho Code § 63-602C, which provides in pertinent part,

The following property is exempt from taxation: property belonging to any fraternal, benevolent, or charitable limited liability company, corporation or society, the World War veteran organization buildings and memorials of this state, used exclusively for the purposes for which such limited liability company, corporation or society is organized . . . .

The statute outlines a two-pronged inquiry: 1) whether the property is owned by a charitable organization, and 2) whether the property is used exclusively for the purposes for which the charitable organization is organized. Both the ownership and use requirements must

be satisfied to qualify for the exemption.

There is no dispute Appellant is the type of charitable organization contemplated by the statute. The question concerns subject's use during construction and whether it furthered Appellant's charitable aims. Appellant testified subject was not put to any non-charitable use since its purchase in October 2015. While the property may not have been put to any non-charitable use, it is difficult to see how the property was used for a charitable purpose during late 2015 or throughout 2016 because the building was under construction. In effect, the property was put to no use, which in the Board's view falls short of the use requirement in the statute. Accordingly, we find the subject property does not qualify for the charitable exemption for the 2016 tax year.

We next examine whether subject qualifies for the educational exemption. The relevant portion of Idaho Code § 63-602E reads,

(1) The following property is exempt from taxation: all property used exclusively for nonprofit school or educational purposes, property used for charter school purposes, and all property from which no profit is derived and which is *held or used* exclusively for endowment, building or maintenance purposes of schools or educational institutions. (Emphasis added).

Respondent argued the above statute requires subject be used for school or educational purposes in order to qualify for the exemption. We disagree. While the first part of the statute refers to exclusive use for educational purposes, the statute continues on to include property which is held for "endowment, building or maintenance" of schools. Such is the case here, where the subject property, since its purchase in October 2015, has been held for building purposes of a school. To interpret the law as petitioned by Respondent would be to ignore a relevant portion of the statute and to run afoul of the Idaho Supreme Court, which has repeatedly

held the entirety of a statute must be given full meaning and effect.

This Court has consistently adhered to the primary canon of statutory construction that where the language of the statute is unambiguous, the clear expressed intent of the legislature must be given effect and there is no occasion for construction. Moreover, unless a contrary purpose is clearly indicated, ordinary words will be given their ordinary meaning when construing a statute. In construing a statute, this Court will not deal in any subtle refinements of the legislation, but will ascertain and give effect to the purpose and intent of the legislature, based on the whole act and every word therein, lending substance and meaning to the provisions. *Corp. of the Presiding Bishop of Church of Jesus Christ of Latter-Day Saints v. Ada County*, 123 Idaho 410, 415, 849 P.2d 83, 86 (1993).

By including the language “held or used” in the statute, it is reasonable to conclude the legislature contemplated a situation similar to the case at bar where a school is in the process of constructing educational facilities and intended such efforts to be exempt from property taxation. Further, the statute includes the term “building”, which in the context of the words immediately preceding and following the term, indicates the verb form of *building*, not the noun form as advocated by Respondent. Based on the statute, and giving full effect to the ordinary meanings of the words contained therein, the Board is satisfied the subject property qualifies for the educational exemption.

Having determined subject is exempt from property taxation, we need not address the market value aspect of Appellant’s claim.

Given the above, the decision of the Blaine County Board of Equalization is reversed, thereby granting subject a property tax exemption as provided in Idaho Code § 63-602E.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Blaine County Board of Equalization concerning the subject parcel’s exempt status be, and the

same hereby is, REVERSED.

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 20<sup>th</sup> day of December, 2016.