

INDIANA BOARD OF TAX REVIEW
Small Claims
Final Determination
Findings and Conclusions

Petition: 53-005-06-1-4-00051
Petitioner: Robert Fleetwood
Respondent: Monroe County
Parcel: 013-20790-00
Assessment Year: 2006

The Indiana Board of Tax Review (Board) issues its determination in the above matter. The Board finds and concludes as follows:

Procedural History

1. The Petitioner initiated an assessment appeal with the Monroe County Property Tax Assessment Board of Appeals (PTABOA) on December 15, 2006.
2. The PTABOA mailed its decision on May 29, 2007.
3. The Petitioner appealed to the Board by filing a Form 131 on June 27, 2007, and elected to have this case heard according to small claims procedures.
4. The Board issued a notice of hearing to the parties dated June 3, 2009.
5. Administrative Law Judge Kay Schwade held the Board's administrative hearing on September 10, 2009. She did not conduct an inspection of the property.
6. Milo Smith represented the Petitioner. Marilyn Meighen represented the Respondent. The following persons were sworn as witnesses at the hearing:
For the Petitioner — Milo Smith,
For the Respondent — County Assessor Judy Sharp,
Ken Surface, Nexus Group.

Facts

7. This is a case about a commercial property located at 201 West 17th Street in Bloomington.
8. The PTABOA determined the assessed value is \$400,000 for land and \$71,100 for improvements (total \$471,700).
9. The Petitioner requested an assessed value of \$75,000 for land and \$71,000 for improvements (total \$146,000).

Record

10. The official record for this matter is made up of the following:
- a) Petition for Review of Assessment (Form 131) with attachments,
 - b) Notice of Hearing,
 - c) Hearing Sign-In Sheet,
 - d) Digital recording of the hearing,
 - e) Petitioner Exhibit 1 – A list of Monroe County commercial & industrial sales with a summary of contentions attached,
Petitioner Exhibit 2 – Annual Adjustment of Assessed Values Fact Sheet from the Dep’t of Local Gov’t Finance, page 1,
Petitioner Exhibit “B-E” – Copies of Respondent’s Exhibits B-E,
Petitioner Exhibit 3 – A copy of Ind. Code § 6-1.1-4-4.5,
Petitioner Exhibit 4 – Pages 1 and 2 of 4 from a February 2009 DLGF memo “Annual adjustment guidance”,
Petitioner Exhibit 5 – Subject property record card,
Petitioner Exhibit 6 – Subject property record card,
Petitioner Exhibit 5% – 2009 amendment, Ind. Code § 6-1.1-15-1(p),
Respondent Exhibit A – Subject property record card,
Respondent Exhibit B – Map,
Respondent Exhibit C – Photograph, sales disclosure form, and property record card for Parcel 013-28610-00
Respondent Exhibit D – Photograph and sales disclosure form for Parcel 008-00050-04,
Respondent Exhibit E – Photograph, map, and sales disclosure form for Parcel 015-22370-00,
Respondent Exhibits F and G – Not offered,
Respondent Exhibit H – Statement regarding statutory amendments,
 - f) These Findings and Conclusions.

Contentions

11. Summary of the Petitioner’s case:
- a) According to the Annual Adjustment of Assessed Values Fact Sheet published by the Department of Local Government Finance, “Trending requires the assessors to research sales of properties in a particular area over the previous two years. Using that information, assessors then estimate the values of other properties in the same area to determine an assessed value.” *Smith testimony; Pet’r Ex. 2.*

- b) The list of commercial and industrial sales for Monroe County includes only one of the sales presented in the Respondent's evidence. Only the sale identified as Resp't Ex. E was included in the county's 2006 ratio study. *Smith testimony; Pet'r Ex. 1.*
- c) Apparently the Department of Local Government Finance approved the 2006 Ratio Study even though the approval is not recorded. According to the Department of Local Government Finance, a "ratio study sample with fewer than five (5) sales must not be used due its exceptionally poor reliability." The 2002 land base rate of \$100,000 should not have been increased to \$400,000 with a 100% market factor for 2006 based on one comparable sale in the area. *Smith testimony; Pet'r Ex. 4, 5, 6.*
- d) Under a 2009 statutory amendment, Ind. Code § 6-1.1-15-1(p), the assessor has the burden to prove the assessment is correct when the assessed value increased more than 5%. *Smith testimony; Pet'r Ex. 5%.*

12. Summary of the Respondent's case:

- a) Nexus Group was hired by Monroe County to perform various assessing functions such as compiling new construction data, completing sales ratio studies, and trending. The Department of Local Government Finance approved Monroe County's 2006 Sales Ratio Study. *Surface testimony.*
- b) A lack of commercial sales does not necessarily negate the need for market adjustments. For the 2006 and 2007 commercial and industrial valuation, Monroe County did not rely solely on sales data. Because commercial and industrial sales were very limited, Monroe County also relied on other data such as appraisal information, income information provided through previous appeals, communication with investors, realty listings, etc. *Surface testimony.*
- c) The subject property is a convenience mart with a land base rate of \$400,000 an acre for the 2006 assessment. *Surface testimony; Resp't Ex. A.*
- d) The map (Exhibit B) shows the area where the subject property is located. The parcel indicated in black on that map is a comparable property situated within one mile of the subject property. That comparable sold for \$500,000 in April 2006. The transaction reflects the sale of the real estate only because the business formerly operating at this location was closed at the time of the sale. It subsequently reopened and its use as a convenience mart remained the same. The comparable property's land base rate for the 2006 assessment was also \$400,000 an acre. *Surface testimony; Resp't Ex. B, C.*
- e) In June 2007, the Tobacco Road property sold for an adjusted price of \$825,000 (actual sale price was \$925,000 and included \$100,000 for personal property). Although the sale occurred after the time frame of the 2006 Ratio Study, it

supports the value of convenience marts in the area. *Surface testimony; Resp't Ex. D.*

- f) The Village Pantry property sold for \$450,000 in September 2004. It is a convenience mart without gas pumps. The Village Pantry sale was used in the 2006 Ratio Study. It shows the market value of convenience marts in the area. *Surface testimony; Resp't Ex. E.*
- g) The Petitioner focused on land value only. That approach fails to account for the overall value of the subject property. Even if the land value were incorrect, the assessment represents its market value-in-use. *Surface testimony.*
- h) The 2002 assessment was based on a valuation date of January 1, 1999. Such a value cannot be used for a 2006 market value-in-use. Assessed values for 2006 are based on 2004 and 2005 sales data. *Surface testimony.*
- i) The Petitioner has the burden to show that the assessment is incorrect and what the correct assessment should be. The Petitioner failed to make such a case. *Meighen argument.*
- j) Absent any clear, plain, or explicit language, the statutory amendment placing the burden of proof on the assessor cannot be retrospectively applied to appeals pending. *Meighen argument; Resp't Ex. H.*

Analysis

13. A petitioner who seeks review of a determination of an assessing official has the burden to establish a prima facie case proving that the current assessment is incorrect and specifically what the correct assessment would be. *See Meridian Towers East & West v. Washington Twp. Assessor*, 805 N.E.2d 475, 478 (Ind. Tax Ct. 2003); *see also Clark v. State Bd. of Tax Comm'rs*, 694 N.E.2d 1230 (Ind. Tax Ct. 1998). In making its case, a petitioner must explain how each piece of evidence is relevant to the requested assessment. *See Indianapolis Racquet Club, Inc. v. Washington Twp. Assessor*, 802 N.E.2d 1018, 1022 (Ind. Tax Ct. 2004) (“[I]t is the taxpayer’s duty to walk the Indiana Board . . . through every element of the analysis”).¹

¹ The Petitioner initiated this assessment appeal with the PTABOA on December 15, 2006. Although it is not clear when the PTABOA hearing was held, the notice of the PTABOA’s determination was mailed on May 29, 2007. The Petitioner filed his Form 131 Petition on June 27, 2007. Effective July 1, 2009, Ind. Code § 6-1.1-15-1(p) provides that a taxpayer may obtain a review of a county board’s or township official’s action with respect to the taxpayer’s assessment—and if the assessment increased by more than five percent over the assessed value for the immediately preceding assessment, the assessor has the burden of proving that assessment is correct. The Petitioner provided no indication that this new provision applies retroactively and the Board is aware of no authority for doing so. Therefore, that new subsection does not transfer the burden of proof to the Respondent in this case. That responsibility remained with the Petitioner. The Board reserves other questions about the application of Ind. Code § 6-1.1-15-1(p) for another day.

14. Real property is assessed on the basis of its “true tax value,” which does not mean fair market value. It means “the market value-in-use of a property for its current use, as reflected by the utility received by the owner or a similar user, from the property.” Ind. Code § 6-1.1-31-6(c); REAL PROPERTY ASSESSMENT MANUAL at 2 (incorporated by reference at 50 IAC 2.3-1-2). There are three generally accepted techniques to calculate market value-in-use: the cost approach, the sales comparison approach, and the income approach. The primary method for assessing officials to determine market value-in-use is the cost approach. MANUAL at 3. Indiana promulgated a series of guidelines that explain the application of the cost approach. REAL PROPERTY ASSESSMENT GUIDELINES FOR 2002 – VERSION A. The value established by use of the Guidelines, while presumed to be accurate, is merely a starting point. A taxpayer is permitted to offer evidence relevant to market value-in-use to rebut that presumption. Such evidence may include actual construction costs, sales information regarding the subject or comparable properties, appraisals, and any other information compiled in accordance with generally accepted appraisal principles. MANUAL at 5.
15. Regardless of the approach used to prove a property’s value-in-use, a 2006 assessment must reflect its value as of January 1, 2005. Ind. Code § 6-1.1-4-4.5; 50 IAC 21-3-3. An appraisal or any other evidence of value must have some explanation as to how it demonstrates or is relevant to value as of the required valuation date. *See Long v. Wayne Twp. Assessor*, 821 N.E.2d 466, 471 (Ind. Tax Ct. 2005).
16. Each assessment year is separate and distinct. *See Quality Stores, Inc. v. State Bd. of Tax Comm’rs*, 740 N.E.2d 939, 942 (Ind. Tax Ct. 2000); *Barth v. State Bd. of Tax Comm’rs*, 699 N.E.2d 800, 806 (Ind. Tax Ct. 1998) (each tax year stands on its own and where taxpayer challenges an assessment the resolution does not depend on how the property was previously assessed).
17. The Petitioner did not present any probative evidence about what a more accurate valuation of the property might really be. Rather, his case focused on why the land base rate was improperly determined and why trending to update value had not been done properly. But Mr. Smith’s conclusions that proper procedures were not followed in determining the land base rate or trending are not probative evidence. *See Lacy Diversified Indus. v. Dep’t of Local Gov’t Fin.*, 799 N.E.2d 1215, 1221 (Ind. Tax Ct. 2003); *Whitley Products v. State Bd. of Tax Comm’rs*, 704 N.E.2d 1113, 1119 (Ind. Tax Ct. 1998) (stating that conclusory statements do not qualify as probative evidence). Furthermore, his conclusions disregard the fact that a 2006 assessment must be based on a different valuation date. Ind. Code § 6-1.1-4-4.5; 50 IAC 21-3-3; *Long*, 821 N.E.2d at 471. The 2002 through 2005 assessments relate back to a value as of January 1, 1999. They do not help to prove what a more accurate assessment for 2006 might be. *Long*, 821 N.E.2d at 471; *Quality Stores*, 740 N.E.2d at 942; *Barth*, 699 N.E.2d at 806.
18. More importantly, a taxpayer must show through the use of market-based evidence that the assessed value does not accurately reflect market value-in-use. *Eckerling v. Wayne Twp. Assessor*, 841 N.E.2d 674 (Ind. Tax Ct. 2006). Here, the Petitioner did not do so, and consequently, he failed to make a prima facie case. *Id.* at 678, (“In challenging their

assessment, the Eckerlings have offered [no] ... market value-in-use evidence. Rather, they have focused strictly on the Assessor's methodology. The Eckerlings have not shown, however, that the Assessor's methodology resulted in an assessment that failed to accurately reflect their property's market value-in-use. Accordingly, the Court cannot say that the Eckerlings presented a prima facie case that their assessment was in error.”)

19. Where the Petitioner fails to provide probative evidence supporting its position that an assessment should be changed, the Respondent’s duty to support the assessment with substantial evidence is not triggered. *Lacy Diversified*, 799 N.E.2d at 1221-1222.

Conclusion

20. The Board finds in favor of the Respondent.

Final Determination

In accordance with the above findings and conclusions, the assessment will not be changed.

ISSUED: _____

Commissioner,
Indiana Board of Tax Review

Commissioner,
Indiana Board of Tax Review

Commissioner,
Indiana Board of Tax Review

- Appeal Rights -

You may petition for judicial review of this final determination under the provisions of Indiana Code § 6-1.1-15-5, as amended effective July 1, 2007, by P.L. 219-2007, and the Indiana Tax Court's rules. To initiate a proceeding for judicial review you must take the action required within forty-five (45) days of the date of this notice. The Indiana Tax Court Rules are available on the Internet at <<http://www.in.gov/judiciary/rules/tax/index.html>>. The Indiana Code is available on the Internet at <<http://www.in.gov/legislative/ic/code>>. P.L. 219-2007 (SEA 287) is available on the Internet at <<http://www.in.gov/legislative/bills/2007/SE/SE0287.1.html>>