

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

Petition No.: 47-007-22-1-1-00206-23
Petitioner: Chris Parr
Respondent: Lawrence County Assessor
Parcel: 47-04-02-100-111.000-007
Assessment Year: 2022

The Indiana Board of Tax Review (“Board”) issues this determination in the above matter, and finds and concludes as follows:

Procedural History

1. Chris Parr appealed the 2022 assessment of his property located at 2612 Harrodsburg Road in Springville on June 3, 2022.
2. On January 11, 2023, the Lawrence County Property Tax Assessment Board of Appeals (“PTABOA”) issued a Form 115 sustaining the assessment at \$18,200 for land and \$405,300 for improvements for a total assessment of \$423,500.
3. Parr timely appealed to the Board, electing to proceed under the small claims procedures.
4. On August 17, 2023, Dalene McMillen, the Board’s Administrative Law Judge (“ALJ”) held a telephonic hearing. Neither the Board nor the ALJ inspected the property.
5. Chris Parr, owner, appeared *pro se*. Kirk Reller, technical advisor for the Lawrence County Assessor, appeared for the Assessor. Both testified under oath. April Collins, the Lawrence County Assessor, also appeared but did not testify.

Record

6. The parties submitted the following exhibits:

Petitioner Exhibit 1: Petition for Review of Assessment before the Indiana Board of Tax Review – Form 131, Taxpayer’s Notice to Initiate an Appeal – Form 130 and parcel information sheets for 178 Maple Run Court, 5450 West Popcorn Road and 449 Maple Run Estates Boulevard,

- Petitioner Exhibit 2: Thirteen photographs of the subject property's area.
- Respondent Exhibit 1: Subject property record card,
- Respondent Exhibit 2: Two photographs of the subject property,
- Respondent Exhibit 3: Notification of Final Assessment Determination – Form 115,
- Respondent Exhibit 4: Summary of a phone call between Tyler Moore and April Collins,
- Respondent Exhibit 5: Infinity Solutions Excavating, Inc profile,
- Respondent Exhibit 6: Indiana's positive housing market for 2022 prepared by Indiana Business Review,
- Respondent Exhibit 7: Indiana Association of Realtors – January 24, 2022, newsletter,
- Respondent Exhibit 8: Federal Housing Finance Agency “HPI by State Percent Change in House Prices,”
- Respondent Exhibit 9: Department of Local Government Finance (“DLGF”) – Ratio Study Guidance memorandum, January 27, 2022,
- Respondent Exhibit 10: Perry Township residential improved ratio study for January 1, 2022,
- Respondent Exhibit 11: Department of Local Government Finance April 24, 2022, ratio study approval letter,
- Respondent Exhibit 12: Comparable sales spreadsheet,
- Respondent Exhibit 13: Property record card and four photographs for 578 Randy Smith Road,
- Respondent Exhibit 14: Property record card and two photographs for 4943 Old State Road 37 North,
- Respondent Exhibit 15: Property record card and three photographs for 432 Summer Lake Drive,
- Respondent Exhibit 16: Property record card and two photographs for 425 Maple Run Estates Boulevard,
- Respondent Exhibit 17: Property record card and two photographs for 8 Connor Court,
- Respondent Exhibit 18: Property record card and two photographs for 452 Maple Run Estates Boulevard,
- Respondent Exhibit 19: Property record card and two photographs for 221 Maple Run Estates Boulevard,
- Respondent Exhibit 20: Property record card and two photographs for 143 Tulip Lane,
- Respondent Exhibit 21: Property record card and two photographs for 330 Randy Smith Drive,
- Respondent Exhibit 22: Property record card and two photographs for 16 Ians Crossing,

Respondent Exhibit 23: Property record card and three photographs for 30 Deer Walk Drive,

Respondent Exhibit 24: Federal Housing Finance Agency house price calculator,

Respondent Exhibit 25: Trulia data sheet for 2612 Harrodsburg Road.

- a) The record also includes the following: (1) all pleadings and documents filed in this appeal; (2) all orders, and notices issued by the Board or ALJ; and (3) a digital recording of the hearing.

Findings of Fact

7. The subject property is a one-story, 2,485 sq. ft. brick home built in 2014 with a pole barn, a free-standing canopy, and patio on 42.45 acres of land in Springville. 40.90 acres of the property are assessed as farmland. *Reller testimony; Resp't Exs. 1 & 2.*
8. The Petitioner purchased the subject property on June 7, 2018, for \$470,000. *Reller testimony; Resp't Ex. 1.*

Contentions

9. Summary of the Petitioner's case:
 - a) Parr contends the subject property is over-assessed. In support of this, he presented photographs to show that his property's value is affected by the condition and heavy traffic flow of neighboring properties. Also, according to Parr, his assessment increased significantly between 2021 and 2022 without any improvements or changes to the property. *Parr testimony; Pet'r Ex. 2.*
 - b) Parr presented three comparable properties located within a one-mile radius of the subject property. The properties sold on July 31, 2020, March 3, 2022, and June 28, 2022, for \$350,000, \$320,000, and \$321,000. He claimed that these sales demonstrated that his assessment of \$423,500 is excessive. Parr requested his assessment be reduced to \$351,500 for the 2022 assessment year. *Parr testimony; Pet'r Ex. 1.*
10. Summary of the Respondent's case:
 - a) Kirk Reller, technical advisor for the Assessor testified that the subject property's assessed value increased 13.69% between 2021 and 2022. For that reason, he believed the Assessor should have the burden because the assessment increased more than 5% over the previous year. *Reller testimony; Resp't Ex. 1.*

- b) The Assessor contended that the subject property's assessment was correct. In support of this, Reller testified that the 2022 assessment of \$423,500 is \$46,500 less than the Petitioner's 2018 purchase price of \$470,000. He noted that data shows that housing prices in Indiana increased between 12.6% and 17.5% in 2021. *Reller testimony; Resp't Exs. 1, 6-8.*
- c) Reller also trended the subject property's 2018 purchase price of \$470,000 using the Federal Housing Finance Agency home price index calculator. He used Bloomington, Indiana in the calculation because it was the closest market area. This calculation yielded a value of \$646,000, indicating a 37% increase since the purchase. *Reller testimony; Resp't Ex. 24.*
- d) In addition, the Assessor argued that the county's ratio study supports the assessment. Reller noted that the ratio study shows an average assessment increase of 19.5% in 2021. *Reller testimony; Resp't Exs. 9-11.*
- e) Reller also developed a sales-comparison analysis. He searched for sales of comparable properties that sold in Perry and Marshall Townships in 2021. He identified eleven sales of one-story and 1.5 story homes. Reller attempted to value only the homes and homesites by removing the assessed value of all other land and outbuildings from his analysis. In at least one case, he also adjusted for a pool. After adjustment, the sale prices ranged from \$128/sq. ft. to \$220/sq. ft., with a median value of \$171/sq. ft. He noted that the subject property's one-acre homesite and home was only assessed at \$139/sq. ft. The Assessor argued that this demonstrated the subject property was not overvalued. *Reller testimony; Resp't Ex. 12.*

Burden of Proof

- 11. Generally, the taxpayer has the burden of proof when challenging a property tax assessment. Accordingly, the assessment on appeal, "as last determined by an assessing official or the county board," will be presumed to equal "the property's true tax value." Indiana Code § 6-1.1-15-20(a) (effective March 21, 2022).
- 12. However, the burden of proof shifts if the property's assessment "increased more than five percent (5%) over the property's assessment for the prior tax year." I.C. § 6-1.1-15-20(b). Subject to certain exceptions, the assessment "is no longer presumed to be equal to the property's true tax value, and the assessing official has the burden of proof." *Id.*
- 13. If the burden has shifted, and "the totality of the evidence presented to the Indiana board is insufficient to determine the property's true tax value," then the "property's prior year assessment is presumed to be equal to the property's true tax value." I.C. § 6-1.1-15-20(f).

14. Here, the current assessment of \$423,500 was an increase of more than 5% over the previous assessment of \$372,500. Thus, the Assessor has the burden of proof.

Analysis

15. Neither party presented probative evidence of the market value-in-use of the subject property.
- a) The Indiana Board of Tax Review is the trier of fact in property tax appeals, and its charge is to “weigh the evidence and decide the true tax value of the property as compelled by the totality of the probative evidence before it.” I.C. § 6-1.1-15-20(f). The Board’s conclusion of a property’s true tax value “may be higher or lower than the assessment or the value proposed by a party or witness.” *Id.* Regardless of which party has the initial burden of proof, either party “may present evidence of the true tax value of the property, seeking to decrease or increase the assessment.” I.C. § 6-1.1-15-20(e).
 - b) In order to meet its burden of proof, a party “must present objectively verifiable, market-based evidence” of the value of the property. *Piotrowski v. Shelby Cty. Assessor*, 177 N.E.3d 127, 132 (Ind. Tax Ct. 2021) (citing *Eckerling v. Wayne Twp. Assessor*, 841 N.E.2d 674, 677-78 (Ind. Tax Ct. 2006)). For most real property types, neither the taxpayer nor the assessor may rely on the mass appraisal “methodology” of the “assessment regulations.” *P/A Builders & Developers, LLC v. Jennings County Assessor*, 842 N.E.2d 899, 900 (Ind. Tax Ct. 2006). This is because the “formalistic application of the Guidelines’ procedures and schedules” lacks the market-based evidence necessary to establish the market value-in-use of a specific property. *Piotrowski*, 177 N.E.3d at 133.
 - c) Market-based evidence may include “sales data, appraisals, or other information compiled in accordance with generally accepted appraisal principles.” *Peters v. Garoffolo*, 32 N.E.3d 847, 849 (Ind. Tax Ct. 2015). Relevant assessments are also admissible, but arguments that “another property is ‘similar’ or ‘comparable’ simply because it is on the same street are nothing more than conclusions ... [and] do not constitute probative evidence.” *Marinov v. Tippecanoe Cty. Assessor*, 119 N.E.3d 1152, 1156 (Ind. Tax Ct. 2019). Finally, the evidence must reliably indicate the property’s value as of the valuation date. *O’Donnell v. Dept. of Local Gov’t Fin.*, 854 N.E.2d 90, 95 (Ind. Tax Ct. 2006).
 - d) The Assessor attempted to support the assessment by pointing to the 2018 purchase price of \$470,000. Such evidence can be probative, provided it is related to the relevant valuation date of January 1, 2022. To relate the sale price, the Assessor pointed to general market trends in the area, the county’s ratio study, as well as a “calculator” provided by the Federal Housing Finance Agency. We first note that

evidence of general market trends (either from outside sources or the county's ratio study) is insufficient. Rather, the sale price must be "affirmatively related" to the appropriate valuation date. *Nova Tube Ind. II LLC v. Clark Cty. Assessor*, 101 N.E.3d 887 (Ind. Tax Ct. 2018). The Assessor did attempt to affirmatively relate the sale price by using the Federal calculator, but she did not provide any evidence showing that the calculator was an appropriate method for trending the sale price of this specific property. Nor are we convinced that market data from Bloomington, Indiana is probative for a property in Springville simply because it was the closest market that had data available.

- e) Moreover, there is an additional issue with the 2018 sale that the Assessor failed to address. As discussed above, 40.9 acres of the subject property are assessed as agricultural farmland. In Indiana, the true tax value of agricultural land must be determined in accordance with the DLGF's guidelines and I.C. § 6-1.1-4-13. 2021 REAL PROPERTY ASSESSMENT MANUAL at 2. Under those Guidelines, the DLGF sets a statewide base rate for each year, which assessors then adjust based on soil productivity. *See* 2021 REAL PROPERTY ASSESSMENT GUIDELINES, ch. 2 at 77-78. They may also apply influence factors in predetermined amounts depending on the type of agricultural land at issue. *Id.* at 85-93, 98-99. Because agricultural land is valued differently, the 2018 sale price is not probative of the true tax value of the property as a whole. Without properly extracting and allocating the value of the agricultural land, the 2018 sale price has no probative value.
- f) The Assessor also relied on Reller's sales-comparison analysis. A party offering sales or assessment data must use generally accepted appraisal or assessment practices to show that the purportedly comparable properties are comparable to the property under appeal. *Long v. Wayne Twp. Assessor*, 821 N.E.2d 466, 470-71 (Ind. Tax Ct. 2005). Conclusory statements that properties are "similar" or "comparable" do not suffice; instead, parties must explain how the properties compare to each other in terms of characteristics that affect market value-in-use. *Long*, 821 N.E.2d at 471. They must similarly explain how relevant differences affect values. *Id.* Opinions that are unsupported by probative evidence are conclusory and of no value to the Board in making its determination. *Whitley Products, Inc. v. State Bd. of Tax Comm'rs*, 704 N.E.2d 1113, 1118 (Ind. Tax Ct. 1998).
- g) Reller did not offer the type of analysis contemplated by *Long*. While he appears to have made some adjustments to the comparables, he failed to demonstrate that he accounted for all relevant differences. Nor did he adequately explain the adjustments he did make. He did attempt to account for the agricultural land, but he did so only by deducting the assessed value of the excess land from the comparables. There is no evidence in the record showing that is how the buyers and sellers of those properties would have allocated that value. Thus, this adjustment is unsupported. For all these reasons, we find that Reller's analysis is not reliable evidence of value.


- a) We now turn to Parr's evidence. He also failed to provide any reliable evidence of value. Although he testified to several deficiencies in the area surrounding the subject property, including heavy traffic flow and dilapidated buildings, he did nothing to quantify the effect these had on value.
- b) Parr also argued that his assessment increased even though there were no changes in the property. But as the Tax Court has explained, "each tax year-and each appeal process-stands alone." *Fisher v. Carroll Cnty. Ass 'r*, 74 N.E.3d 582, 588 (Ind. Tax Ct. 2017). Absent the application of the burden-shifting provision discussed above, the subject property's change in assessment over time is of little relevance. Rather, the focus is what the value should be as of the relevant assessment date, in this case January 1, 2022.
- c) Finally, Parr did offer some evidence in the form of the sales of three properties located near the subject. But he did not provide any market-based evidence quantifying how the relevant differences between those purportedly comparable properties and the subject property affected their respective values as required by *Long*. And like the Assessor, Parr failed to properly account for the agricultural portion of the subject property. Thus, this evidence is insufficient to support any value.¹
- h) Because the subject property's assessment increased by more than 5% over the prior year's assessment, and none of the exceptions apply, the current assessment is not presumed correct according to I.C. § 6-1.1-15-20. In addition, the totality of the evidence is insufficient to support any value. Thus, the prior year's assessment is presumed correct.

Final Determination

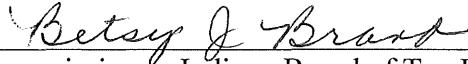
16. Because the burden of proof has shifted and the totality of the evidence is insufficient to support any value, the prior year's assessment is presumed correct. Thus, we order the assessment reduced to the prior year's value of \$372,500.

¹ Parr also made some argument regarding how the PTABOA came to its decision. But the Board's hearings are *de novo*, which means that we consider the evidence presented to us without regard to the findings of the PTABOA decision. I.C. § 6-1.1-15-1.2(h).

ISSUED: NOVEMBER 8, 2023



Chairman, 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 and the Indiana Tax Court's rules. To initiate a proceeding for judicial review you must take the action required not later than forty-five (45) days after the date of this notice. The Indiana Code is available on the Internet at <http://www.in.gov/legislative/ic/code>. The Indiana Tax Court's rules are available at <http://www.in.gov/judiciary/rules/tax/index.html>.