

INDIANA BOARD OF TAX REVIEW

Small Claims Final Determination Findings and Conclusions

Petition No.: 29-020-22-1-5-00084-24
Petitioners: Kurt A. Wheeler & Melissa L. Knafel
Respondent: Hamilton County Assessor
Parcel No.: 29-16-06-004-022.000-020
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. Kurt A. Wheeler and Melissa L. Knafel (“Petitioners”) filed an appeal with the Hamilton County Auditor on November 1, 2023, seeking the reinstatement of their homestead deduction for the 2022 assessment year. Without holding a hearing, the Hamilton County Property Tax Assessment Board of Appeals (“PTABOA”) issued a decision denying the appeal on December 11, 2023.
2. The Petitioners appealed to the Board on January 31, 2024, and elected to proceed under our small claims procedures. On May 21, 2024, Dalene McMillen, the Board’s Administrative Law Judge (“ALJ”), held a telephonic hearing. Neither the Board nor the ALJ inspected the property.
3. Kurt A. Wheeler and Melissa L. Knafel appeared *pro se*. Marilyn Meighen appeared as counsel for the Assessor. Wheeler, Knafel, and Hamilton County Auditor’s office employee Sadie Eldridge testified under oath.

Record

4. The official record for this matter includes the following:¹

Respondent Exhibit A: Department of Local Government Finance (“DLGF”) “Deduction – Homestead” slide dated August 2019 and Indiana Code § 6-1.1-12-17.8(d) (2024),
Respondent Exhibit B: Warranty deed dated August 14, 2015,

¹ The Petitioners did not offer any exhibits.

- Respondent Exhibit C: Sales disclosure form dated August 5, 2015,
Respondent Exhibit D: Quit-claim deed dated January 14, 2021,
Respondent Exhibit E: Property Tax Deductions – Removal Notification letter,
Respondent Exhibit F: United States Postal Service proof of delivery
information dated February 12, 2021,
Respondent Exhibit G: Claim for Homestead Property Tax Credits/Standard
Deduction – Form HC-10, dated September 27, 2023.

5. 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

6. The subject property is located at 11097 Lexi Lane in Fishers. The Petitioners purchased the subject property as joint tenants with rights of survivorship on August 14, 2015. In completing the sales disclosure form in 2015, Knafel checked the boxes indicating that she was claiming a homestead deduction, that the property would be her primary place of residence, and that her homestead deduction at her previous residence should be vacated. Wheeler signed the form as cosigner. The Auditor applied the homestead deduction to the subject property for the 2015 through 2021 assessment years. *Knafel testimony; Eldridge testimony; Resp't Exs. B, C & E.*
7. In 2017, Knafel and Wheeler married and refinanced the subject property. Knafel testified that they were not informed at that time that they needed to refile the homestead deduction.² On January 14, 2021, they recorded a quit-claim deed transferring the property from themselves as “Joint Tenants with Rights of Survivorship” to themselves as “Husband and Wife.” On February 8, 2021, Laurie Reiter, of the Hamilton County Auditor’s office, sent the Petitioners a notice indicating that there had been a “change to the deeded owner name” and that “[c]urrently there are not deductions filed in your name(s).” The notice went on to indicate that if the property was the Petitioners primary residence, they would need to apply for “all your deductions by December 31, 2021.”³ *Knafel testimony; Wheeler testimony; Eldridge testimony; Resp't Exs. D & E.*
8. Although the letter was sent certified mail through the U.S. Postal Service, it was not signed for because mail carriers were not handing their electronic signature pads to recipients due to the COVID-19 pandemic. The receipt indicates that it was delivered on February 12, 2021, instead of a signature, the mail carrier wrote their own initials, CV-

² The Petitioners used the term “homestead exemption” during their presentation. There is not an exemption that exempts homesteads from taxation. We infer that they are referring to the standard deduction for homesteads provided under I.C. § 6-1.1-12-37, and will use the term “homestead deduction” hereinafter.

³ In actuality, the deadline to file for a homestead deduction for the 2022 assessment year was January 5, 2023. I.C. § 6-1.1-12-37(e).

19, and K. Wheeler. The Petitioners did not receive the letter. *Knafel testimony; Eldridge testimony; Resp't Exs. E & F.*

9. The Petitioners did not timely file a new application for the homestead deduction for the 2022 assessment year and the Auditor subsequently removed the deduction. The Petitioners were unaware that their homestead deduction had been removed until they received a large bill from their lender in the fall of 2023. On September 27, 2023, the Petitioners filed a Claim for Homestead Property Tax Credit/Standard Deduction – Form HC-10 for the year of 2023 with the proper information. *Knafel testimony; Eldridge testimony; Resp't Ex. G.*
10. As of the assessment date at issue, the Petitioners used the subject property as their principal place of residence and did not have a homestead deduction on another property. *Knafel testimony; Wheeler testimony.*

Contentions

a. Petitioners' Contentions

11. The Petitioners claimed they should receive a homestead deduction for the 2022 assessment year because they lived in the subject property, did not own any other homes, and were unaware of any requirement to refile for the deduction because they did not receive the notice from the Auditor. *Knafel testimony; Wheeler testimony.*

b. Assessor's Contentions

12. The Assessor claimed the Petitioners are ineligible for a homestead deduction for the 2022 assessment year because they were required to make a new application for the deduction after they married in 2017, and the deed was changed in 2021. In support of this, the Assessor cited to a slide from a Department of Local Government Finance (“DLGF”) presentation and Indiana Code § 6-1.1-17-17.8(d). *Eldridge testimony.*

Analysis

13. I.C. § 6-1.1-12-37 provides a standard deduction from the assessed value for homesteads, which the statute defines as a dwelling that an individual owns and uses as their principal place of residence. I.C. § 6-1.1-12-37(a)-(c) (2022). With certain exceptions, however, an auditor cannot grant an individual or married couple a deduction if the individual or couple claims the deduction for two or more different properties for the same year. I.C. § 6-1.1-12-37(h), (k).
14. At all times relevant to this appeal, the taxpayer had to apply for the deduction in one of two ways. First, they could file a certified statement with the county auditor on forms prescribed by the DLGF. I.C. § 6-1.1-12-37(e). The DLGF prescribed Claim for Homestead Property Tax Standard/Supplemental Deduction Form (“Form HC10”) for that purpose. 50 IAC 24-4-2. A taxpayer had to complete Form HC10 within the

calendar year for which the deduction was sought and file that form on or before January 5 of the immediately succeeding year. *Id.*; I.C. § 6-1.1-12-37(e). Alternatively, a taxpayer could use the sales disclosure form at the time of purchase to claim the deduction. *See Id.*; I.C. § 6-1.1-12-44.

15. If a taxpayer receives a deduction for a particular assessment year and remains eligible, the deduction carries forward without the need for a new application. I.C. § 6-1.1-12-37(e); I.C. § 6-1.1-12-17.8(a); I.C. § 6-1.1-12-44(b). Subject to certain exceptions, if a person who is receiving a homestead deduction in their name (1) changes the property's use so that all or part of the property no longer qualifies for the deduction, or (2) is not eligible for the deduction because they or their spouse is already receiving an Indiana homestead deduction or an equivalent deduction under the law of a different state, the person must file a certified statement notifying the county auditor of their ineligibility. I.C. § 6-1.1-12-37(f); *see also* I.C. § 6-1.1-12-17.8(b) ("An individual who becomes ineligible for a deduction under section 37 of this chapter shall notify the county auditor ... in conformity with section 37 of this chapter.").
16. Before a county auditor terminates a deduction, they must "give the person claiming the deduction written notice" of their intention to terminate the deduction and the reasons for doing so. I.C. § 6-1.1-12-45(f). The notice may be by first class or electronic mail. *Id.* While the notice itself is not appealable, the taxpayer may appeal the county auditor's action in terminating the deduction. *Id.*
17. Because Knafel had been granted a homestead deduction in 2015, that deduction should have carried forward as long as she remained eligible. I.C. § 6-1.1-12-17.8(a). The Assessor argued that the Petitioners needed to timely reapply for their homestead deduction both after they were married and after they filed a new deed, and that their failure to do so rendered them ineligible for the homestead deduction for the 2022 assessment year. But this claim is not supported by the law. In making his argument, the Assessor primarily relied on a slide from a DLGF presentation. That slide stated "An unmarried individual who receives a homestead deduction must refile for the deduction if the individual marries and remains eligible for the deduction." But a slide from a DLGF presentation is not law. The slide itself, as well as the Assessor, cite to I.C. § 6-1.1-12-17.8(d), but that statute does not even mention an individual receiving a deduction and later marrying, much less require an additional application. Similarly, there is no statutory requirement that taxpayers reapply for a homestead deduction after filing a new deed that maintains their ownership of the property. We note I.C. § 6-1.1-12-17.8(d), does, by negative implication, suggest that a taxpayer may need to reapply for a deduction in circumstances where a joint owner is removed. *See* I.C. § 6-1.1-12-17.8(d) (providing that where joint owner is removed a taxpayer who remains eligible need not reapply if the taxpayer is the sole owner following the death of a spouse or joint owner). But that is not the case here.
18. As discussed above, I.C. § 6-1.1-12-17.8(a) provides that an individual who receives a homestead deduction need not reapply for the deduction as long as they remain eligible.

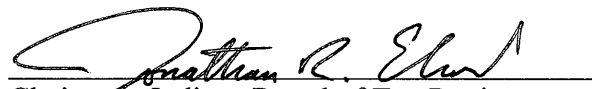
Here, the Assessor does not allege, must less prove, that the Petitioners were not eligible for the homestead deduction (setting aside the Assessor's arguments regarding the need to reapply). Because Knafel was already receiving the homestead deduction prior to the year under appeal, there was no need for her to reapply as long as she remained eligible.

19. Thus, the dispositive issue is whether Knafel remained eligible for the homestead deduction in 2022. The Petitioners demonstrated, and the Assessor does not dispute, that they used the subject property as their principal place of residence and did not receive another homestead deduction. Because Knafel remained eligible for the deduction, it should have carried forward.

Final Determination

In accordance with these findings and conclusions, we find the Petitioners are entitled to the standard homestead deduction for the 2022 assessment year, as well as the accompanying supplemental deduction and 1% tax-cap credit.

ISSUED: August 16, 2024


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>