

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

**Petition:** 03-001-20-1-1-00353-21  
**Petitioner:** Bartholomew County Assessor  
**Respondent:** Richard Lovelace  
**Parcel:** 03-97-30-000-001.000-001  
**Assessment Year:** 2020

The Indiana Board of Tax Review issues this determination, finding and concluding as follows:

**Procedural History**

1. On June 15, 2020, Richard Lovelace filed a Form 130 petition contesting his property's 2020 assessment.
2. The Bartholomew County Property Tax Assessment Board of Appeals ("PTABOA") held a hearing. At the hearing, Lovelace argued that the house and one-acre homesite should be assessed using the highest gross rent multiplier ("GRM") for any neighborhood in the county and that the property's remaining farmland (7.62 acres according to the property record card) should then be added. The PTABOA agreed with Lovelace and issued a Form 115 determination with the following values:

<b>Land</b>	<b>Improvements</b>	<b>Total</b>
\$30,700	\$94,900	\$125,600

*Form 115 determination (attached to Form 131 pet.); Exs. 1, D.*

3. The Bartholomew County Assessor disagreed with the PTABOA's decision and timely appealed to us. On September 22, 2021, our designated administrative law judge, Erik Jones ("ALJ"), held a telephonic hearing on the Assessor's petition. Neither he nor the Board inspected the property. Michelle Michie appeared as counsel for Lovelace. Bartholomew County Assessor Ginny Whipple represented herself. Whipple and an appraiser, Jonathan Scheidt, were sworn as witnesses and testified.

**Record**

4. The parties offered the following exhibits as part of the official record:

**Assessor's Exhibits**

Exhibit A: Whipple Resume,  
Exhibit B: Statement of Professionalism,

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Exhibit C: 2019 property record card (“PRC”),  
Exhibit D: 2020 PRC.

**Lovelace’s Exhibits**

Exhibit 1: PTABOA Minutes from April 6, 2021,  
Exhibit 2: GRM list,  
Exhibit 3: Ind. Code § 6-1.1-4-39,  
Exhibit 4: Excerpts from Principles of Real Estate Practice (pp. 235-40).

5. The record also includes (1) all documents filed by the parties, (2) all orders<sup>1</sup> and notices issued by the Board or the ALJ, and (3) an audio recording of the hearing.

**Contentions**

**A. Summary of Assessor’s Contentions**

6. The Assessor appealed because she believed that the PTABOA’s determination was inconsistent with best appraisal practices. The PTABOA based its determination on the highest GRM from any neighborhood in the county. But the Assessor’s office had stopped using the GRM method to assess rural rental properties after 2018 because there were not enough sales from which to derive an accurate GRM for those properties. According to the Assessor, the sales-comparison approach provides the most reliable value estimate for a rural rental property like the subject property. *Whipple testimony and argument.*
7. To support her requested assessment, the Assessor offered an appraisal report and testimony from Jonathan Scheidt, a certified residential appraiser. Scheidt certified that he prepared his appraisal in conformity with the Uniform Standards of Professional Appraisal Practice (“USPAP”). He developed only the sales-comparison approach to value, explaining that he did not believe the cost approach was relevant and that there was not enough data to determine an appropriate GRM for rural properties like the subject property. *Ex. F; Scheidt testimony.*
8. Scheidt searched for sales of comparable older, rural homes within 10 miles of the subject property. He settled on three sales. Scheidt considered and applied adjustments for various ways in which the properties differed from the subject property, such as differences in gross living area; site size, basement size and finish; and amenities like porches, decks, and outbuildings. He also adjusted sale prices for seller concessions. *Ex. F; Scheidt testimony.*
9. The adjusted sale prices ranged from \$197,200 to \$207,900. Scheidt gave the greatest weight to Sale 1, which had an adjusted price of \$207,000. It was located nearest the subject property, had a similar amount of gross living area, and had similar outbuildings. Scheidt rounded the value down to \$205,000 for the subject property. *Scheidt testimony; Ex. F.*

## B. Summary of Lovelace's Contentions

10. By statute, using a GRM is the preferred method for valuing rental homes like the subject property. The county's own GRM list indicates a GRM of 92 for "Rural County Neighborhoods." At Lovelace's suggestion, the PTABOA compromised and used a GRM of 100—the highest GRM listed for any neighborhood in the county—to value the subject property. *Michie argument; Exs. 1-3.*
11. Lovelace also argued that Scheidt's appraisal was not reliable because he used the sales-comparison approach, rather than the income capitalization approach or the GRM method. Those were the appropriate valuation approaches given that the subject property is an income-producing property. In any case, Scheidt used only three sales, and they were located several miles away from the subject property. *Michie argument; Ex. F.*

### Analysis

12. The Indiana Code permits a county assessor who dissents from a PTABOA determination to seek review with the Board. *See* Ind. Code § 6-1.1-15-3(c). In such appeals, the Assessor bears the burden of proving the property's true tax value. Because the Assessor did not offer evidence that meets the requirements for determining true tax value for the portion of the subject property that is classified as agricultural, she failed to meet her burden.
13. The goal of Indiana's real property assessment system is to arrive at an assessment reflecting a property's true tax value. 50 IAC 2.4-1-1(c); 2011 REAL PROPERTY ASSESSMENT MANUAL at 3.<sup>1</sup> True tax value does not mean "fair market value" or "the value of the property to the user." I.C. § 6-1.1-31-6(c), (e). Instead, it is determined under the rules of the Department of Local Government Finance ("DLGF"). I.C. § 6-1.1-31-5(a); I.C. § 6-1.1-31-6(f).
14. For most types of real property, the DLGF defines true tax value as "market value-in-use," which it in turn defines as "[t]he market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property." MANUAL at 2. Evidence in an assessment appeal should be consistent with that standard. For example, a USPAP-certified market-value-in-use appraisal often will be probative. *See id.*; *see also, Kooshtard Property VI, LLC v. White River Twp. Ass'r*, 836 N.E.2d 501, 506 n.6 (Ind. Tax Ct. 2005). A party may also offer actual construction costs, sales information for the property under appeal, sales or assessment information for comparable properties, and any other information compiled according to generally accepted appraisal principles. *See Eckerling v. Wayne Twp. Ass'r*, 841 N.E.2d 674, 678 (Ind. Tax Ct. 2006); *see also*, I.C. § 6-1.1-15-18 (allowing parties to offer evidence of

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<sup>1</sup> The Department of Local Government Finance has adopted a new assessment manual and guidelines that apply to assessments for 2021 forward. 52 IAC 2.4-1-2 (filed Nov. 20, 2020) (incorporating 2021 Real Property Assessment Manual and Real Property Assessment Guidelines for 2021 by reference).

comparable properties' assessments to determine an appealed property's market value-in-use).

15. Determining true tax value for agricultural land is different, however. For the assessment year at issue, the true tax value of agricultural land must be determined in accordance with the DLGF's 2011 Real Property Assessment Guidelines and Ind. Code § 6-1.1-4-13. 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* 2011 REAL PROPERTY ASSESSMENT GUIDELINES, ch. 2 at 77-78 (incorporated by reference at 50 IAC 2.4-1-2 (2011)). They may also apply influence factors in predetermined amounts depending on the type of agricultural land at issue. *Id.* at 85-93, 98-99.
16. The Assessor relied solely on Scheidt's opinion of the property's market value. Had the property not included agricultural land, that opinion might well have sufficed. Scheidt applied a generally accepted appraisal methodology—the sales-comparison approach—and explained why the GRM method would not have offered a reliable estimate of the subject property's value.
17. But the property includes 7.62 acres of agricultural land.<sup>2</sup> And the true tax value for that land may be determined only by applying the Guidelines' soil-productivity method. Estimating the true tax value of properties that contain a homesite and improvements, (which must be valued using market-based evidence), as well as agricultural land, (which must be valued using the soil-productivity method from the Guidelines), may be a difficult task. But there are ways to do it. For example, Scheidt could have allocated his overall value estimate between the agricultural land and other components based on their relative contributions. The property's true tax value could then have been determined by adding the Guidelines-based value of the agricultural land to Scheidt's allocated value for the other components. Scheidt, however, did not allocate his value estimate between agricultural land and other components, and the Assessor has not offered any other way to estimate the property's true tax value that is consistent with the relevant statutes and regulations.


### **Conclusion**

18. The Assessor had the burden of proving the subject property's true tax value. Part of the property was classified as agricultural land. The true tax value of that land must be determined under the DLGF's Guidelines, not through market-based evidence such as the sales-comparison approach. Because the Assessor offered an appraisal that used the sales-comparison approach to value the entire property, she failed to meet her burden. We therefore find for Lovelace and order no change to the assessment.

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<sup>2</sup> The Assessor classified a .134-acre portion of the property as "public road" and did not assign it any value. *Ex. D; see also*, 2011 GUIDELINES, ch. 2 at 93 (requiring assessors to deduct a "right-of-way area dedicated for public Roads" from a parcel's acreage) and I.C. § 6-1.1-4-4 (providing that land "within a right-of-way that is used and occupied as a public highway" may not be assessed to an adjacent property owner).

ISSUED: DECEMBER 17, 2021

  
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Chairman, Indiana Board of Tax Review

  
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Commissioner, Indiana Board of Tax Review

  
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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 of 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>.