

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

Petition: 39-004-14-1-6-00001
Petitioner: James R. Lock
Respondent: Jefferson County Assessor
Parcel: 39-407-10130-00
Assessment Year: 2014

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

Procedural History

1. James R. Lock appealed his 2014 assessment to the Jefferson County Property Tax Assessment Board of Appeals (“PTABOA”), which mailed notice of its determination on June 30, 2014.
2. Mr. Lock then timely filed a Form 131 petition with the Board. He elected to have his appeal heard under our small claims procedures.
3. On October 7, 2015, our designated administrative law judge, Andrew Howell, held a hearing. Neither he nor the Board inspected the property.
4. The following people testified under oath: James R. Lock and Tina Gleeson, Jefferson County Assessor.

Facts

5. The subject property is a mobile home located at 829 Tower Court, #9, Madison, Indiana.
6. The PTABOA determined the assessment is \$5,900 for improvements.

Record

7. The official record contains the following:
 - a. Exhibits:

Petitioner’s Exhibit 1: Mobile Home Purchase Agreement and Receipt.

Respondent's Exhibit 1: National Automobile Dealers Association (NADA) pricing information.

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

Burden

9. Generally, a taxpayer seeking review of an assessing official's determination has the burden of proving that his property's assessment is wrong and what its correct assessment should be. If the taxpayer makes a prima facie case, the assessor must offer evidence to impeach or rebut the taxpayer's evidence.
10. Indiana Code § 6-1.1-15-17.2 creates an exception to that general rule and assigns the burden of proof to the assessor in two circumstances. Where the assessment under appeal represents an increase of more than 5% over the prior year's assessment for the same property, the assessor has the burden of proving the assessment under appeal is correct. Ind. Code § 6-1.1-15-17.2 (a) and (b). The assessor similarly has the burden where a property's gross assessed value was reduced in an appeal and the assessment for the following date represents an increase over "the gross assessed value of the real property for the latest assessment date covered by the appeal, regardless of the amount of the increase..." Ind. Code § 6-1.1-15-17.2 (d).
11. Neither circumstance applies here. The parties agreed that Mr. Lock did not appeal the property's 2013 assessment. They further agreed that the assessment did not increase by more than 5% between 2013 and 2014. Thus, Mr. Lock has the burden of proof.

Contentions

12. Mr. Lock's case:
 - a. The mobile home's assessed value is too high in light of the purchase price. Mr. Lock purchased the 1990 Auburn Fleetwood mobile home on October 18, 2013 for \$4,500. He also stated that he had no relationship to the seller and that there was no favoritism in the transaction. *Lock testimony; Pet'r Ex. 1.*
 - b. When Mr. Lock filed his homestead and disability deductions, he discovered errors in the assessment. He corrected the age from 1989 to 1990 and the length from 54 feet to 50 feet. *Lock testimony.*
 - c. Mr. Lock also argued that the property's value should not go up every year because it is a mobile home and it depreciates. He also testified that because of the depreciation he would be unlikely to recover the purchase price if he tried to sell the home. Finally, he testified that banks will not loan anything on a mobile home that is over 20 years old. *Lock testimony.*

d. The mobile home is on a rented lot which Mr. Lock rents for \$150 per month. *Lock testimony; Pet'r Ex. 1.*

13. The Assessor's case:

a. In order to be fair and equitable to all owners, the County values all mobile homes according to the NADA guidelines. For the subject property, the NADA value is \$5,955.72. *Gleeson testimony; Resp't Ex. 1.*

b. The County cannot assess the property for the purchase price because that is sales chasing. Using the sales price throws off the equitable tax base and puts the tax burden on the neighbors versus the Petitioner. *Gleeson testimony.*

Analysis

14. The Petitioner provided sufficient evidence to establish a prima facie case for a reduction of the assessed value of his property. The Board reaches this decision for the following reasons:

a. The parties agree that the home at issue is a mobile home. The relevant statutes and regulations provide different methods for assessing mobile homes. Choosing the appropriate method for a given mobile home depends on various factors:

- If it is regularly used to rent or otherwise furnish residential accommodations for periods of 30 days or more, the gross rent multiplier is the preferred valuation method. *See I.C. § 6-1.1-4-39; see also I.C. § 6-1.1-31-7.*
- If the home has a certificate of title issued by the Indiana Bureau of Motor Vehicles under Ind. Code § 9-17-6 and is not on a permanent foundation, the DLGF's regulations define it as an "annually assessed mobile home." 50 IAC 3.3-2-2. Annually assessed mobile homes and exterior features, yard structures, and improvements owned by the mobile homeowner and located on the same parcel as the mobile home, are assessed on January 15 of each year. 50 IAC 3.3-3-1(d); 50 IAC 3.3-4-1(a). They have a true tax value [S]et at the least of the values determined using:

(1) the National Automobile Dealers Association Guide;

(2) the purchase price of the mobile home if the:

(A) sale is of a commercial enterprise nature;

(B) buyer and seller are not related by blood or marriage; and

(C) sale date is within one (1) year prior to or subsequent to the January 15 valuation date; or

(3) sales data for generally comparable mobile homes.

50 IAC 3.3-5-1; *see also* 50 IAC 3.3-3-1(d) and I.C. § 6-1.1-31-7(b)(6).

- If the mobile home has a recorded affidavit of transfer to real property or has a certificate of title issued by the Indiana Bureau of Motor Vehicles under Ind. Code § 9-17-6 and is attached to a permanent foundation, the DLGF's regulations identify it as a "real property mobile home." 50 IAC 3.3-2-4. Real property mobile homes are assessed on March 1 of each year under the DLGF's assessment rules for real property. 50 IAC 3.3-3-1(b); 50 IAC 3.3-4-1(b).
- b. The evidence does not show conclusively whether the subject property is an annually assessed mobile home or a real property mobile home. However, this question does not affect the outcome, as the conclusion is the same under either system.
- c. The undisputed evidence established that Mr. Lock purchased the property for \$4,500 on October 18, 2013. Mr. Lock testified there was no relationship between him and the seller. The purchase was within one year of the January 15, 2014 valuation date for annually assessed mobile homes. Neither party presented sales data of generally comparable mobile homes. Because the purchase price was lower than the value under NADA guidelines, 50 IAC 3.3-5-1 and I.C. § 6-1.1-31-7(b)(6) require the assessment to reflect the purchase price if the property is an annually assessed mobile home.¹
- d. Similarly, under the real property assessment system, the sale of the subject property in a time relevant arms-length transaction is better evidence of value than the NADA guidelines. The Assessor failed to rebut this evidence.
- e. Under either system, the assessment should reflect the subject property's sale price of \$4,500.

Final Determination

In accordance with the above findings of fact and conclusions of law, we order the 2014 assessed value of the subject property reduced to \$4,500.

¹ The Assessor's argument that this would be prohibited "sales-chasing" is contrary to both the intent and the clear language of the statute. For annually assessed mobile homes, the Assessor is required to assess the property using the sale price if it yields the lowest result of the three prescribed methods of valuation.

ISSUED: November 30, 2015

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>>.