

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

**Petition #:** 44-010-06-1-5-00353  
**Petitioners:** Rex R. & Susan Pranger  
**Respondent:** LaGrange County Assessor  
**Parcel #:** 010-24370-03  
**Assessment Year:** 2006

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

**PROCEDURAL HISTORY**

1. On August 31, 2007, Rex R. & Susan Pranger appealed their property’s assessment to the LaGrange County Property Tax Assessment Board of Appeals (“PTABOA”). The PTABOA issued its decision on October 23, 2007.
2. The Prangers timely filed a Form 131 petition with the Board. They elected to have their case heard under the Board’s small-claims procedures.
3. On July 9, 2008, the Board held an administrative hearing through its Administrative Law Judge, Jennifer Bippus (“ALJ”).
4. People present and sworn in at hearing:
  - a) For the Prangers: Rex Pranger
  - b) For the Assessor: Lori Carney, LaGrange County Assessor

**FACTS**

5. The Prangers’ property contains a house and is located at 5980 South 550 East, Wolcottville.
6. Neither the Board nor the ALJ inspected the property.
7. The PTABOA determined the following values for the property:  
Land \$136,400      Improvements: \$148,300      Total: \$284,700.
8. The Prangers requested a total assessment of \$240,000.

## PARTIES' CONTENTIONS

9. The Prangers offered the following evidence and arguments:
- a) Wendy Frost, a certified residential appraiser appraised the Prangers' property and estimated that it was worth \$240,000 as of August 10, 2007. *Pranger testimony; Pet'rs Ex. 7*. Ms. Frost used both the sales-comparison and cost approaches to value. Although her estimates under the two approaches were close—\$240,000 under the sales-comparison approach and \$242,800 under the cost approach—she gave the greatest weight to her sales-comparison estimate. *Pet'rs Ex. 7*.
  - b) In her sales-comparison analysis, Ms. Frost relied on the sales of three properties that she felt were comparable to the Prangers' property. *Pet'rs Ex. 7*. All three sold between March 2004 and October 2005. *Id.* Like the Prangers' property, two of those properties were located on Adams Lake. The third was located on Lake of the Woods. *Id.; Pranger testimony; Carney testimony*. Mr. Pranger, however, agreed with the Assessor that the Lake of the Woods property was not comparable to the Prangers' property. *Pranger testimony*.<sup>1</sup>
  - c) Mr. Pranger also pointed to a property owned by Gregory and Katheryn Clarke that was listed on an "iDox" report offered by the Assessor. Of all the properties listed on that report, the Clarkes' property most closely resembled the Prangers' property. Both lots have the same amount of lake frontage (80'). *Pranger testimony; Pet'rs Ex. 2-3*. The Clarkes' house is also roughly the same size as the Prangers' house, although it has only 1 story compared to the Prangers' 1 ½ stories. *Id.* Both properties have two-car garages and wood decks. *Id.* The Clarkes bought their property for \$250,000 in 2005. *Pranger testimony; Pet'rs Ex. 2*. That sale price shows the value of the Prangers' property.
  - d) The problem with the assessment of the Prangers' property—and of many other lakefront properties—stems from the Assessor using a flat rate of \$2,780 per front foot to assess lakefront properties. *Pranger testimony*. While the amount of lake frontage that a property has affects its value, the two are not directly proportional to each other. Buyers care about having a lot wide enough to build on. And having a homesite on a lake certainly increases a property's value. The Assessor's estimate of \$2,780 per front foot may even be correct for lots between thirty and sixty feet. But additional frontage has diminishing returns; a property's value does not increase in direct proportion to that excess frontage. *Pranger testimony; Pet'rs Exs. 4-5*.
  - e) A property owned by the Hermanns that Ms. Frost used in her appraisal illustrates that point. While the Prangers have more lake frontage, the Hermanns' lot is larger

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<sup>1</sup> Mr. Pranger testified: "I threw out the Lake of the Woods one . . . because frankly, Lake of the Woods isn't the same sale as on Adams Lake. [Ms. Carney] showed that they're valuing the lakefront on Lake of the Woods less than half of what they value it at Adams Lake. So, I didn't feel that one was a very good comparison either."

overall. The Hermanns have a slightly smaller but generally comparable house. They bought their property for \$265,000, but it is assessed for only \$241,000. The Prangers' property, by contrast, is assessed for \$284,700. The difference stems from the Assessor's straight-line application of a \$2,780-per- front-foot rate. *Pranger testimony.*

10. The Assessor offered the following evidence and arguments:

- a) Ms. Carney, the LaGrange County Assessor, gave four reasons why she thought that Mr. Frost's appraisal was unreliable.
- b) First, the appraisal is dated August 7, 2007, while the relevant valuation date was January 1, 2005. *Carney testimony.* While Ms. Frost used sales from 2004 and 2005, she did not adjust those sale prices to reflect January 1, 2005, values. One property that Ms. Frost used sold for \$132,000 in December 2003 but resold for \$175,000 just three months later. *Id.; Pet'rs Exs 6-7.*
- c) Second, Ms. Frost relied on incorrect data. For example, she listed the Prangers' house as having only 1772 square feet, while the Prangers' property record card lists it as having 2,172 square feet. *Carney testimony; Pet'rs Ex. 7; Resp't Ex. 9.* Similarly, Ms. Frost listed a house owned by William and Alicia Gooden (comparable no. 3 in her appraisal) as having 1,182 square feet. The Goodens' property record card, however, lists the house as having only 852 square feet. *Carney testimony; Pet'rs Ex. 7; Resp't Ex. 3.*
- d) Third, the properties that Ms. Frost used were not very similar to the Prangers' property. One, owned by the Gourlies, is on Lake of the Woods, which has greater restrictions on water skiing hours than Adams Lake. *Carney testimony; Pet'rs Ex. 7.* And land on Lake of the Woods is assessed at a much lower rate than land on Adams Lake. *Carney testimony* Similarly, the Goodens' house has only 852 square feet of living area compared to 2,172 square feet in the Prangers' house. *Carney testimony' Resp't Exs. 3, 9.*
- e) Fourth, Ms. Frost failed to significantly adjust the sale prices for any of those properties despite the substantial ways in which they differed from the Prangers' property.
  - Ms. Frost did not adjust the sale price of the Goodens' property, even though (1) its house was only one story and (2) it was 104-years old. By contrast, the Prangers' house is 1½ stories and was remodeled in the 1970s.
  - Ms. Frost made only minor adjustments to account for the fact that the Prangers' house is larger than the houses on any of her comparable properties.

- Similarly, Ms. Frost made only minor adjustments for differences in lot sizes, even though the Prangers’ property has significantly more lake frontage than the supposedly comparable properties. In fact, Ms. Frost compared the properties based on their total sizes rather than on their respective amounts of lake frontage.

*Carney testimony; Pet’rs Ex. 7.*

- f) Other sales from 2004 and 2005 support the assessment. According to an “iDox” report, those sale prices ranged from \$177,000 to \$310,000 *Carney testimony; Resp’t Ex. 8.*
- g) The value of the Prangers’ house was adjusted to \$143,300 as a result of annual trending. *Carney testimony.* Most of the total value of the \$284,700 assessment is the land. Buyers have torn down some older homes along the lake and replaced them with larger, better ones. Throughout that process, land along the lake was appreciating. *Id.*

## **RECORD**

11. The official record for this matter is made up of the following:

- a) The Form 131 petition,
- b) A digital recording of the hearing,
- c) Exhibits:

Petitioners Exhibit 1: Site plan for the Prangers’ property  
 Petitioners Exhibit 2: Property record card comparable (Clarke)  
 Petitioners Exhibit 3: Survey of Clarke property  
 Petitioners Exhibit 4: County assessment methodology graph  
 Petitioners Exhibit 5: Observed market methodology graph  
 Petitioners Exhibit 6: Hermann property comparison  
 Petitioners Exhibit 7: Appraisal of the Prangers’ property

Respondent Exhibit 1: Property record card – comparable (Gourlie)  
 Respondent Exhibit 2: Property record card – comparable (Hermann)  
 Respondent Exhibit 3: Property record card – comparable (Gooden)  
 Respondent Exhibit 4: Property record card, photo, sales disclosure, comparison (Platz to Gourlie)  
 Respondent Exhibit 5: Property record card, photo, sales disclosure, comparison (Jennings to Hermann)  
 Respondent Exhibit 6: Property record card, photo, sales disclosure, comparison (Gaffer to KWG LLC)  
 Respondent Exhibit 7: Property record card, photo, sales disclosure, comparison

(KWG LLC to Gooden)

Respondent Exhibit 8: “iDOX” data sheet

Respondent Exhibit 9: Property record card, photograph, aerial view, and plat map of Prangers’ property

Respondent Exhibit 10: Property record card and photograph of a property owned by the Prangers but not appealed.

Respondent Exhibit 11: Petitioner submitted appraisal

Board Exhibit A: Form 131 petition

Board Exhibit B: Notice of hearing

Board Exhibit C: Hearing sign-in sheet

d) These Findings and Conclusions.

12. On June 20, 2008, the Assessor sent a package of documents to the Board.<sup>2</sup> While Ms. Carney briefly referred to those documents, she did not offer them as exhibits at the hearing. Regardless, the package contains exclusively procedural documents, which the Board does not consider as substantive evidence in reaching its decision.

#### ANALYSIS

12. The following describes the parties’ burden of proof:
- a) A petitioner seeking review of an assessing official’s determination must establish a prima facie case proving both that the current assessment is incorrect, and specifically what the correct assessment should 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).
  - b) In making its case, the petitioner must explain how each piece of evidence relates to its requested assessment. *See Indianapolis Racquet Club, Inc. v. Wash. 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”).
  - c) Once the petitioner establishes a prima facie case, the burden shifts to the respondent to impeach or rebut the petitioner’s evidence. *See American United Life Ins. Co. v. Maley*, 803 N.E.2d 276 (Ind. Tax Ct. 2004); *see also Meridian Towers*, 805 N.E.2d at 479.
13. The Prangers proved that their assessment should be reduced. The Board reaches this conclusion for the following reasons:

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<sup>2</sup> The Assessor represented that the package contained the following documents: Notice of Assessor Representation; PTABOA Hearing Summary; IBTR Notice of Hearing; LaGrange County Assessor’s Possible Witness List; Petitioner’s Form 11; Copy of Form 115; PTABOA hearing Script; Form 131 Petition.

### The Prangers' case

- a) Indiana assesses real property based on its “true tax value,” which the 2002 Real Property Assessment Manual defines as “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.” 2002 REAL PROPERTY ASSESSMENT MANUAL at 2 (incorporated by reference at 50 IAC 2.3-1-2). The appraisal profession traditionally has used three methods to determine a property’s market value: the cost, sales-comparison, and income approaches. *Id.* at 3, 13-15. Indiana assessing officials generally value real property using a mass-appraisal version of the cost approach, as set forth in the Real Property Assessment Guidelines for 2002 – Version A.
- b) A property’s assessment, as determined using the Guidelines, is presumed to accurately reflect its market value-in-use. See MANUAL at 5; *Kooshtard Property VI, LLC v. White River Twp. Assessor*, 836 N.E.2d 501, 505 (Ind. Tax Ct. 2005) *reh’g den. sub nom. PA Builders & Developers, LLC*, 842 N.E.2d 899 (Ind. Tax 2006). But a taxpayer may rebut that presumption with evidence that is consistent with the Manual’s definition of true tax value. MANUAL at 5. A market-value-in-use appraisal prepared according to the Uniform Standards of Professional Appraisal Practice (“USPAP”) often will suffice. *Id.*; *Kooshtard Property VI*, 836 N.E.2d at 506 n. 6. A taxpayer may also offer actual construction costs, sales information for the subject or comparable properties and any other information compiled according to generally accepted appraisal principles. MANUAL at 5.
- c) Regardless of the method used to rebut an assessment’s presumption of accuracy, a party must explain how its evidence relates to the subject property’s market value-in-use as of the relevant valuation date. *O’Donnell v. Dep’t of Local Gov’t Fin.*, 854 N.E.2d 90, 95 (Ind. Tax Ct. 2006); *see also Long v. Wayne Twp. Assessor*, 821 N.E.2d 466, 471 (Ind. Tax Ct. 2005). For the March 1, 2006, assessment, that valuation date is January 1, 2005. 50 IAC 21-3-3.
- d) Mr. Pranger spent much of the hearing contesting the Assessor’s decision to value land using a flat rate of \$2,780 per foot of lake frontage. That attack amounts to little. A taxpayer cannot rebut the presumption that an assessment is correct simply by contesting the methodology that the assessor used to compute it. *Eckerling v. Wayne Twp. Assessor*, 841 N.E.2d 674, 678 (Ind. Tax Ct. 2006). Instead, the taxpayer must show that the assessor’s methodology yielded an assessment that does not accurately reflect his property’s market value-in-use. *Id.* While Mr. Pranger offered his opinion about how buyers actually value lake frontage, that opinion was entirely conclusory.
- e) The Prangers, however, did offer market-based evidence in the form of Ms. Frost’s appraisal. Ms. Frost used two generally accepted approaches to estimate the property’s value. And she certified that she complied with USPAP. *Pet’rs. Ex. 7*.

- f) Also, while Ms. Frost estimated the property's value as of August 10, 2007, the appraisal itself contains sufficient information to relate her estimate to the property's value as of the relevant January 1, 2005, valuation date. At Ms. Carney's urging, Ms. Frost relied solely on comparable sales from 2004 and 2005. The Department of Local Government Finance has instructed county assessors to use sales from that same period in performing ratio studies for the March 1, 2006, assessment date. 50 IAC 21-3-3(a). Thus, one may infer that sales from that period bear some relationship to January 1, 2005, values. And because Ms. Frost decided not to adjust the sale prices to reflect time related differences between the sale dates and her August 10, 2007, valuation date, one may further infer that she believed that values remained stable during that period.
- g) By offering Ms. Frost's appraisal, the Prangers made a prima facie case that their property's assessment is incorrect and should be reduced to \$240,000. The burden therefore shifted to the Assessor to impeach or rebut Ms. Frost's appraisal.

### **The Assessor's case**

- i) Ms. Carney's attempts to impeach Ms. Frost's valuation opinion, while somewhat effective, do not convince the Board that Ms. Frost's opinion was unreliable. And Ms. Carney did not offer any probative market-based evidence of her own.

#### **1. Ms. Carney's attempts at impeachment**

- j) Ms. Carney claimed that Ms. Frost substantially underestimated the sizes both of the Prangers' house and of one of the houses that she used in her sales-comparison analysis. If true, those facts might seriously undermine Ms. Carney's valuation opinion. To prove those facts, however, Ms. Carney offered only the properties' record cards. Indeed, she admitted that she had not personally inspected the Prangers' house. And she offered no information about who actually measured the houses or the methods they employed. The Board therefore rejects Ms. Carney's claim that Ms. Frost based her appraisal on incorrect measurements.
- k) Next, Ms. Carney claimed that the properties Ms. Frost used in her sales-comparison analysis were not sufficiently comparable to the Prangers' property. Ms. Carney relied largely on differences in the sizes of the respective houses. As explained above, those size differences may not have been as extreme as Ms. Carney claimed. Regardless, Ms. Carney did not offer any evidence to show that generally accepted appraisal principles would prohibit using comparable houses with the size disparities at issue in this case.
- l) Ms. Carney also claimed that one of the properties that Ms. Frost used was not actually comparable to the Prangers' property because it sat on a different lake, which had greater restrictions on skiing times. By itself, that might not be enough to show a lack of comparability. But Mr. Pranger conceded Ms. Carney's point. *Pranger testimony.*

- m) Ms. Frost's reliance on an admittedly incomparable property is troubling. Nonetheless, she used two other comparable properties in her sales-comparison analysis, and her final value estimate of \$240,000 is supported by her estimate under the cost approach (\$242,800). Under those circumstances, the Board does not believe that Ms. Frost's use of the Gourlies' property makes her valuation opinion unreliable.
- n) Ms. Carney further questioned Ms. Frost's decision not to adjust her comparable properties' sale prices to reflect differences between those properties and the Prangers' property. Specifically, Ms. Carney claimed that Ms. Frost made no adjustments to account for differences in the ages of the houses or the fact that one of the purportedly comparable houses had only one story. The Board gives no weight to either of those claims. Although the houses all were between 47- and 104-years old, Ms. Frost viewed them all as having similar effective ages. Plus, while in the abstract, differences in age and story height might affect two properties' relative values, Ms. Carney did not offer any evidence to show that those differences affected the relative values of the properties in this case.
- o) In other instances, Ms. Frost did adjust her comparable properties' sale prices, but Ms. Carney felt that those adjustments were insufficient. Specifically, Ms. Carney believed that Ms. Frost did not sufficiently adjust for differences between the size of the Prangers' house and the sizes of the three comparable houses. She also felt that Ms. Frost did not increase two properties' sale prices to account for the fact that they each had only half as much lake frontage as the Prangers' lot. In fact, Ms. Frost appeared to compare only the relative sizes of the lots rather than focusing on the amount of lake frontage.
- p) The Board gives no weight to Ms. Carney's protests about relative house sizes. She offered no evidence to show that the size differences affected the properties relative values to any greater degree than reflected in Ms. Frost's adjustments.
- q) Ms. Carney's point about not considering lake frontage in making site-value adjustments has more merit. The amount of frontage along a desirable feature, such as a lake, often will be the single greatest factor influencing a parcel's value. *See* GUIDELINES, ch. 2 at 16 (stating that in a platted residential subdivision a parcel's front footage along the street has the greatest influence on the land's value). But Ms. Carney did not show that lake frontage was the primary influence for the properties at issue in this case, or that the differences in the amount of frontage significantly affected their relative values.
- r) Finally, Ms. Carney claimed that Ms. Frost's appraisal did not relate to the appropriate valuation date. As already explained, however, Ms. Frost related her appraisal to the appropriate valuation date by using only sales from within 10 months on either side of the January 1, 2005, valuation date. While Ms. Carney noted that those sales were not adjusted to reflect January 1, 2005, values, she did not show that



values changed substantially between the sale dates and January 1, 2005. At most, she pointed to the Goodens' property, which sold for \$132,500 on December 2, 2003, and resold for \$175,000 approximately three months later. *Carney testimony; Resp't Exs. 6-7*. Without knowing anything more about the property—such as whether it was substantially rehabilitated between the two sales—the Board will not simply infer that the market appreciated 22% during that three-month period. Regardless, that three-month period preceded the periods in question—the 10 months on either side of January 1, 2005 and the time between January 1, 2005, and Ms. Frost's August 10, 2007, appraisal date.

## **2. Ms. Carney's own valuation evidence**

- s) Aside from her attacks on Ms. Frost's appraisal, Ms. Carney pointed to "iDox" reports listing several other sales as independent evidence to support the assessment. But Ms. Carney did little to explain how any of those properties compared to the Prangers' property. More importantly, she did not adjust the properties' sale prices to account for relevant ways in which they differed from the Prangers' property. *See Long 821 N.E.2d at 471-72*(Ind. Tax Ct. 2005)(holding that the petitioners failed to explain how the characteristics of the subject property compared to those of purportedly comparable properties or how any differences between the properties affected their relative market values-in-use). Ms. Carney's own valuation evidence therefore lacks probative value.

## **CONCLUSION**

14. By offering Ms. Frost's appraisal, the Prangers made a prima facie case of error. While Carney impeached that appraisal to a degree, it was still reliable evidence of the property's market value-in-use. And Ms. Carney did not offer any probative valuation evidence of her own. The Prangers therefore proved by a preponderance of the evidence that their property should be assessed for \$310,000.

## **FINAL DETERMINATION**

In accordance with the above findings and conclusions the Indiana Board of Tax Review now determines that the Prangers' assessment should be reduced to \$240,000.

ISSUED: \_\_\_\_\_

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Commissioner, 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

### **Important Notice**

#### **- 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>