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An Introduction to Property Tax Appeals

The subject of property taxes has been a hot topic in Indiana the past few years, and will likely continue to be for some time. Many property owners have been shocked by their recent tax bills and wonder what, if anything, can be done. One thing that a taxpayer can do is file a property tax appeal. The purpose of this article is to discuss what a property tax appeal is and describe the basic procedure for filing one in Indiana.

To understand what is being appealed in a property tax appeal, it is necessary to understand how property taxes are calculated. In general, property taxes are calculated by multiplying the assessed value of a parcel by the tax rate. Of these two factors, only the assessed value can be appealed; the tax rate cannot. The assessed value of a parcel is determined by a local assessing official (either a township assessor or a county assessor) and is essentially an educated guess by the official as to the fair market value of a parcel. In a property tax appeal, the taxpayer challenges the official's determination of a parcel's fair market value.

Obviously, a taxpayer is going to argue in the appeal that the official's assessed value is too high. To do this, a taxpayer must present evidence such as relevant sales of the parcel and parcels comparable to it, appraisals, and the assessed values of comparable parcels. Contrary to popular belief, an appraisal is not necessary to prevail in a property tax appeal, although a good appraisal can help tremendously and is often recommended.

The right to a property tax appeal arises under state statute and this right can be exercised only if a taxpayer follows certain procedures. These procedures are strictly enforced and a taxpayer's failure to follow them can result in the loss of the right to an appeal.

A taxpayer's right to an appeal begins on the date that the determination of the assessment is made. In most years, this occurs when the local assessing official issues a notice of assessment that is commonly referred to as a "Form 11." In some years no Form 11s are issued and the right to an appeal begins on the date that the tax bills are mailed.

To initiate an appeal, the taxpayer must file with the assessing official a notice of appeal containing certain information required by statute, such as taxpayer name and parcel key number. This notice can be accomplished either in a letter format or on Form 130. The taxpayer must file this notice within 45 days after the date notice of the determination of the assessment is issued. After 45 days, the taxpayer loses the right to an appeal.

Once the notice of appeal has been filed, the next step in most cases is to schedule an informal meeting with the township assessor to discuss the basis for the appeal. This informal meeting is the first opportunity for a taxpayer to make her case for a lower assessed value. Oftentimes, the township assessor and taxpayer can come to an agreement to lower the assessed value. In such a case,

the agreement is presented to the county Property Tax Assessment Board of Appeals, or PTABOA (pronounced, "Pita-Boa"), for approval. If approved, the assessed value is lowered to the agreed amount.

If the informal meeting with the township assessor does not yield an agreement, or the PTABOA refuses to accept the agreement, the taxpayer will need to argue her case at a hearing before the PTABOA. At the hearing, the members of the PTABOA hear and consider evidence presented by not only the taxpayer, but also the township assessor. Based on the evidence, the PTABOA then makes a determination as to the assessed value of the parcel.

If the PTABOA's determination is adverse to the taxpayer, the taxpayer can appeal to the Indiana Board of Tax Review (IBTR). After the IBTR, a taxpayer can also seek further review by the Indiana Tax Court and finally, the Indiana Supreme Court.

At each stage of the process, a taxpayer must abide by certain procedural requirements or else the appeal can be compromised. Therefore, it is recommended that taxpayers seek legal advice before initiating an appeal.

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This article is for informational purposes only and should not be relied upon as legal advice. If you are considering a property tax appeal, you should immediately seek the advice of a legal professional.