

REPRESENTATIVE FOR PETITIONER: Michael R. Boyd, Board of Trustees Chairperson

REPRESENTATIVE FOR RESPONDENT: Kathy Strange, Kosciusko County Assessor's Office

**BEFORE THE
INDIANA BOARD OF TAX REVIEW**

GRACE FIRST COMMUNITY)	Petition Nos.: 43-023-24-2-8-00418-24
CHURCH, INC.)	43-023-24-2-8-00419-24
)	
Petitioner,)	Parcel Nos.: 43-08-11-400-276.000-023
)	43-08-11-400-500.000-023
v.)	
)	County: Kosciusko
KOSCIUSKO COUNTY ASSESSOR,)	
)	Assessment Date: January 1, 2024
Respondent.)	

FINAL DETERMINATION

The Indiana Board of Tax Review ("Board"), having reviewed the facts and evidence, and having considered the issues, now finds and concludes the following:

INTRODUCTION

1. Grace First Community Church, Inc. ("Grace") sought a religious exemption under Indiana Code § 6-1.1-10-16 for two parcels of real property located on Webster Lake in Kosciusko County. Because Grace did not prove that the properties were exclusively or predominantly owned, occupied, and used for religious purposes during the relevant timeframe, we conclude that they are both 100% taxable.

PROCEDURAL HISTORY

2. Grace filed Form 136 exemption applications for its two parcels of real property located in Kosciusko County seeking religious exemptions for the January 1, 2024 assessment date. On June 20, 2024, the Kosciusko County Property Tax Assessment Board of Appeals (“PTABOA”) issued Form 120 determinations denying both of Grace’s exemption applications. On July 15, 2024, Grace filed Form 132 petitions with the Board challenging the PTABOA’s determinations.
3. On April 30, 2025, David Smith, our designated administrative law judge (“ALJ”), held a telephonic hearing on Grace’s petitions. Neither he nor the Board inspected Grace’s properties.
4. Michael R. Boyd, the Chairperson of Grace’s Board of Trustees, and Kathy Strange, an administrative assistant with the Kosciusko County Assessor’s Office testified under oath.
5. Grace submitted the following exhibits at hearing:

Petitioner Ex. 1:	Argument for tax exemption
Petitioner Ex. 2:	Articles of Incorporation for Grace First Community Church, Inc.
Petitioner Ex. 3:	2024 tax statement for parcel 43-08-11-400-276.000-023 (“Parcel 276”)
Petitioner Ex. 4:	2024 tax statement for parcel 43-08-11-400-500.000-023 (“Parcel 500”)
Petitioner Ex. 5:	2024 Form 132 petition for Parcel 276
Petitioner Ex. 6:	2024 Form 132 petition for Parcel 500
Petitioner Ex. 7:	2024 Form 136 application for Parcel 276
Petitioner Ex. 8:	2024 Form 136 application for Parcel 500
Petitioner Ex. 9:	Master Records of Reservations for Decatur Heights 2021-2024
Petitioner Ex. 10:	History of use for Decatur Heights cottage spreadsheet for 2019-2024
Petitioner Ex. 11:	2024 Form 120 exemption denial for Parcel 276
Petitioner Ex. 12:	2024 Form 120 exemption denial for Parcel 500

6. The Assessor submitted the following exhibits at the hearing:

Respondent Ex. A: 2024 Property Record Cards for properties
Respondent Ex. B: Aerial photograph of properties
Respondent Ex. C: Forms 136 for properties
Respondent Ex. D: Master Rental Forms (2021-2023)
Respondent Ex. E: User history journal (2019-2024)

7. The official record for this matter also includes the following: (1) all pleadings, briefs, motions, and documents filed in these appeals; (2) all notices and orders issued by the Board or our ALJ; and (3) an audio recording of the hearing.

FINDINGS OF FACT

8. Grace is an Indiana nonprofit corporation formed on May 5, 2023. It is a religious corporation that was organized for the following purposes:

- To teach and foster the Christian religion through programs, worship, education and community experiences;
- To encourage commitment to the ideals of Christianity, to build community and to serve the needs of the total members of the Church;
- To perform any purpose which nonprofit corporations are authorized under the Indiana Nonprofit Corporation Act of 1991; and
- To operate exclusively for religious and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended.

Boyd testimony; Pet'r Ex. 2.

9. Grace was formerly affiliated with the United Methodist Church. It went through a disaffiliation process in 2023 and subsequently joined the Global Methodist Church. On August 18, 2023, Grace acquired ownership of Parcel 276 from the Trustees of the First United Methodist Church of Decatur, Inc. ("First United"). On the same day, Grace also acquired ownership of Parcel 500 from Epworth Leage Institute of the North Indiana Annual Conference of the Methodist Episcopal Church. Parcel 500 is an unimproved lot

that has frontage on and provides access to Webster Lake for Parcel 276, which is a contiguous lot that contains a cottage. *Boyd testimony; Strange testimony; Pet'r Exs. 3, 4, 7, 8; Resp't Exs. A, B, C.*

10. Grace's predecessors had owned the properties for more than 40 years, and how they are used has not changed significantly over that time. Grace uses the properties, which it refers to jointly as "Decatur Heights," as a retreat/vacation home for its members and other groups. The properties are available for rent to both members and non-members alike. Because the cottage has no heating or air conditioning, it is typically only used from May through September, but it is occasionally used from April through October if the weather permits. *Boyd testimony; Strange testimony; Pet'r Exs. 1, 7, 8, 9, 10; Resp't Exs. C, D, E.*
11. The rental and usage records that Grace submitted show that First United rented the properties to four church members and five non-members for their private use for nine weeklong periods between June and September of 2023. Additionally, there was one week in August and another week in September when the youth group from First United/Grace was using the properties for religious purposes. In the past, First United had occasionally used the properties for worship services, youth bible study groups, and to host other churches and religious groups. However, Grace did not submit any evidence demonstrating that they were used for any of those purposes during 2023. *Boyd testimony; Pet'r Exs. 9, 10; Resp't Exs. D, E.*

CONCLUSIONS OF LAW AND ANALYSIS

A. EXEMPTION STANDARDS

12. Although tangible property in Indiana is generally taxable, the Legislature has exercised its constitutional power to exempt certain types of property. *Hamilton County Prop. Tax Assessment Bd. of App. v. Oaken Bucket Partners, LLC*, 938 N.E.2d 654,657 (Ind. 2010). Because exemptions relieve properties from bearing their fair share of the cost of

government services, they are strictly construed against the taxpayer. A taxpayer therefore bears the burden of proving by a preponderance of the evidence that its property qualifies for an exemption. *Indianapolis Osteopathic Hospital, Inc. v. Dep't of Local Gov't Fin.*, 818 N.E.2d 1009, 1014 (Ind. Tax Ct. 2004); I.C. § 6-1.1-15-4(j) (providing that the Board's findings must be based on a preponderance of the evidence). Every exemption appeal "stand[s] on its own facts," and it is the taxpayer's duty to walk us through the analysis. *Jamestown Homes of Mishawaka, Inc. v. St. Joseph Cty. Ass'r*, 914 N.E.2d 13, 15 (Ind. Tax Ct. 2009).

13. All or part of a building is exempt from taxation if it is owned, and exclusively or predominantly used or occupied for educational, literary, scientific, religious, or charitable purposes. I.C. § 6-1.1-10-16(a); I.C. § 6-1.1-10-36.3(c). The exemption extends to a tract of land on which an exempt building is situated, as well as to parking lots and other structures that serve the exempt building. I.C. § 6-1.1-10-16(c)(1)-(2). Property is predominantly used or occupied for an exempt purpose if it is used or occupied for those purposes during more than 50% of the time that it is used or occupied in the year that ends on the assessment date. I.C. § 6-1.1-10-36.3. In this case, the statute requires us to examine the use of the property during the entire year preceding the January 1, 2024 assessment date at issue. A property is 100% exempt if it is exclusively used or occupied for exempt purposes or if it is predominantly used for exempt purposes by a church, religious society, or nonprofit school. I.C. § 6-1.1-10-36.3(c)(1)-(2). Otherwise, a property predominantly used for an exempt purpose qualifies only for an exemption that "bears the same proportion to the total assessment" as the amount of time the property's exempt use bears to its total use. I. C. § 6-1.1-10-36.3(c)(3). Where a property is not used exclusively for exempt purposes, a taxpayer must offer evidence comparing the relative distribution of time between exempt and non-exempt uses. *See Hamilton Cnty. Ass'r v. Duke*, 69 N.E.3d 567, 572 (Ind. Tax Ct. 2017) ("[F]ailure to provide the Indiana Board with a comparison of the relative amounts of time that a property was used for exempt and non-exempt purposes is fatal to a claim of exemption under Indiana Code § 6-1.1-10-36.3.").

14. Here, Grace seeks a religious-purpose exemption for the subject properties. The Tax Court has explained that “[t]he State Board acts properly when it takes a hard look at the use of certain property, especially where, as here, the property's use does not have the normal hallmarks of religious activity.” *Alte Salems Kirche, Inc. v. State Bd. of Tax Comm'rs*, 694 N.E.2d 810, 815 (Ind. Tax Ct. 1998). Even ownership by a church is insufficient to exempt a property from taxation—there must be an intent to use the property for an exempt purpose and that “intent... must be more than a mere dream.” *Trinity Episcopal Church v. State Board of Tax Commissioners*, 694 N.E.2d 816, 818 (Ind. Tax Ct. 1998) (internal citations omitted). *See also, Foursquare Tabernacle Church of God in Christ v. State Board of Tax Review*, 550 N.E.2d 850, (Ind. Tax Ct. 1990) (“Generally, exemptions are granted when there is an expectation of a benefit which will inure to the public by reason of the exemption. ... It would not serve any purpose to grant an exemption for property merely owned by a church, with no reasonable expectation of the property ever being used for its intended purpose. The public does not derive any benefit from property which is not being used or taxed.”).

B. EXEMPTION EVIDENCE

15. Grace is seeking a religious exemption for its two Webster Lake properties. However, we find Grace’s evidence falls short of establishing that its properties are entitled to a religious exemption.
16. Grace claims that the properties have been used in the same manner for more than 40 years and that they have both been exempt from taxation during that time. We note, however, that “each tax year—and each appeal process—stands alone.” *Fisher v. Carroll Cnty. Ass’r*, 74 N.E.3d 582, 588 (Ind. Tax Ct. 2017). Thus, evidence pertaining to the properties’ historical uses and exemption status is not relevant to our review of its exemption claim. We therefore turn to Grace’s evidence regarding how it used them during 2023.

17. We begin by noting that religious groups frequently own recreational retreat facilities, and these are often entitled to exemption for religious purposes. Use by Grace's youth group is entirely consistent with a religious purpose. However, the facts here clearly establish that in 2023 the subject properties were predominantly leased for non-religious purposes. The rental and usage records establish that the properties were rented for private use for 9 of the 11 weeks that they were occupied during 2023. We easily conclude that a short-term vacation rental offered to the public is not a religious use as contemplated by the Indiana Constitution.
18. Grace also argued that the properties provided both direct and indirect benefits to the church and the broader community by producing rental income that Grace uses to offset their maintenance and to support other church functions including religious services, outreach programs, and charitable initiatives such as food assistance, counseling, housing aid and community support. However, the Indiana Supreme Court has made clear that the statutory test is the predominant *use* of the property, not the distribution of income for charitable purposes. *State Bd. of Tax Comm'rs v. New Castle Lodge #147, Loyal Order of Moose, Inc.*, 765 N.E.2d 1257, 1263. Thus, how Grace used the income generated by renting the properties cannot justify a religious purpose exemption.
19. Because the properties were not exclusively used or occupied for exempt purposes during 2023, Grace needed to prove that they were predominantly used for religious purposes during that time to receive an exemption. But other than the two weeks when Grace's youth group was using the properties for what the Assessor acknowledged was a religious purpose, Grace did not submit evidence showing that they were used for religious purposes during any other part of the year. Because Grace's evidence shows that the properties were predominantly used for non-religious purposes, we conclude that they do not qualify for a religious purpose exemption.

20. Because Grace did not present evidence demonstrating that it exclusively or predominantly owned, occupied, and used the properties for religious purposes, we conclude that they are 100% taxable for the 2024 assessment year.

CONCLUSION

21. For the reasons discussed above, we find Grace's two parcels of real property are 100% taxable for the 2024 assessment year.

Date: JULY 10, 2025


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>.