

# TN Registered Taxpayer Agents – Fall Review

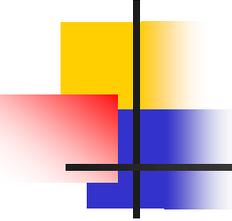
---

Continuing Education Program

November 19, 2013

Kelsie Jones, Executive Secretary

Tennessee Board of Equalization

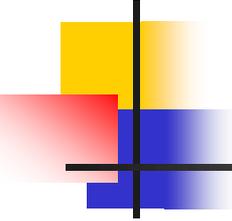


# Introduction

---

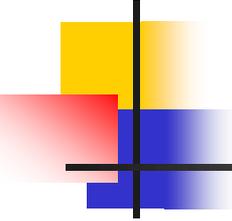
This presentation reviews rule and statutory changes since last update, and recent rulings of the Board, the Assessment Appeals Commission and administrative judges.

# New legislation – Assessment Modernization



---

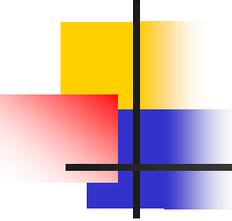
- Clarifies city representation (2) on CBOE for counties with at least one city > 60,000
- Allows alternates on the CBOE
- Clarifies power of assessor to obtain evidence and maintain confidentiality
- Permits electronic notice of assessment changes



# Assessment Modernization, cont'd

---

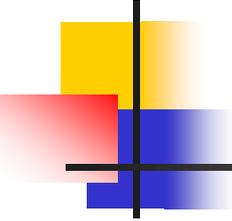
- Provides that assessor's maps are not conclusive in court as to boundary location
- Permits electronic hearing of CBOE appeals
- Assures validity of special assessments notwithstanding errors in form
- Equalization factors may not exceed 1.000



# New Legislation – PILOTs

---

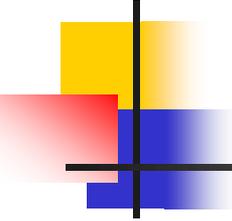
- ❑ Public Ch. 204
- ❑ Limits on PILOT agreements for IDB formed by city without a property tax
- ❑ Either county approval, or hold harmless to county



# New Legislation – Special Valuation

---

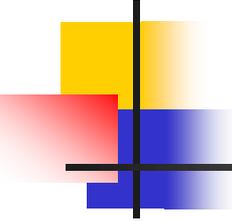
- Pub. Ch. 297 'Green Energy' Facilities
  - Establishes a maximum valuation for solar-source equipment at 12.5% of installed cost
  - Requires TDEC certification, or statement or schedule filed with Comptroller
  - Classification issues remain



## Special Valuation, cont'd.

---

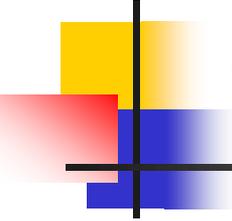
- Pub. Ch. 423 natural gas fueling facilities at 30% of cost (“Energy Independence Act of 2013”)



# New Rules

---

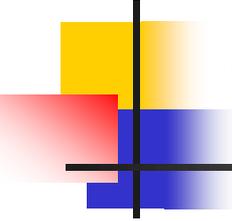
- Rule 0600-01-.03 Electronic filing, e-signing permitted
- Rule 0600-01-.10 Amending appeals for subsequent year
  - Real property, until next reappraisal
  - Discretionary amendment unchanged



# TN Agent Registration Statute – ‘Assistance’ vs. ‘Appearance’

---

- Anyone may assist
- The following may appear for a taxpayer:
  - Immediate family
  - Attorneys
  - Officers/directors/employees
  - CPA on tangible personal property

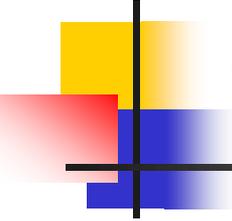


# TN Agent Registration Statute

## – Qualifications

---

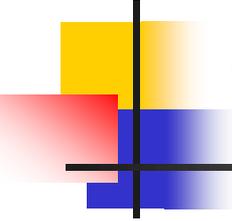
- Biennial registration
- Education/experience/exam
- Approved designations
  - CMI of IPT
  - ASA of Am. Society of Appraisers
- Reciprocity



# TN Agent Registration Statute – Registered Firm

---

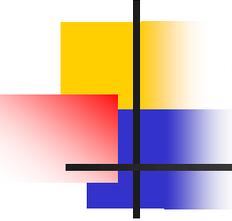
- Corporate existence
- Principal officer registered
- Employees acting as agents must be registered



# TN Agent Registration Statute – Discipline Grounds

---

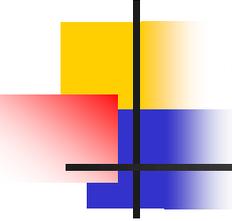
- Falsely procuring registration
- Failure to maintain qualifications
- Obtaining registration by bribery
- Act or omission involving dishonesty or fraud
- Violating standards of conduct



# TN Agent Registration Statute – Discipline Process

---

- Written complaint & probable cause
- Exec. Sec. & Adm. Judge
- TARP (2/3)
- SBOE hearing

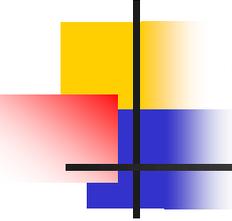


# TN Agent Registration Statute

## – Other Requirements

---

- Disclosure re legal issues
- Continuing education
- Nonresident agents & service of process



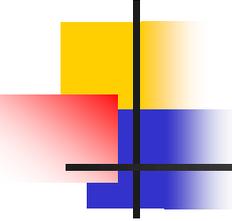
# TN Agent Registration Statute

## – Standards of Conduct

---

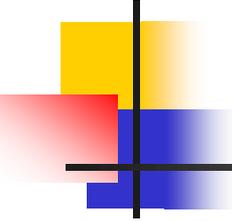
- Dishonesty or fraud, false claims
- Evading registration
- Reporting violations
- Cooperation
- Breach of confidentiality
- Conflicts
- Ex parte communications

# Recent Rulings – Sales Approach



---

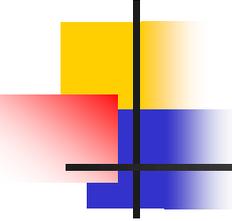
- Jones (5-16-12) reduction based on list price
- Conley (6-12-12) comps from other counties for \$8M SFR
- Ness USA (8-21-12) comps must be flood plain or adjusted



# Sales Approach Generally

---

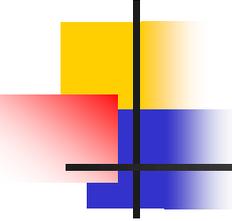
- Wheeler (10-21-13) reduced SFR from \$797,800 to \$530,000 based on comp sales, notwithstanding foreclosure sale of subject in 2012 at \$265,000



# Sales Approach - Vacant lots

---

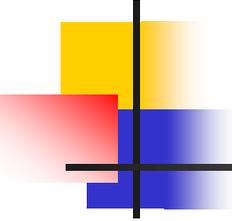
- Keith (5-16-12) reconcile comps, don't average
- Lightman (6-12-12) 'depressed market adjustment' HBU as affected by zoning
- Simmons (10-9-12) adjust comps, don't average



# More vacant lots

---

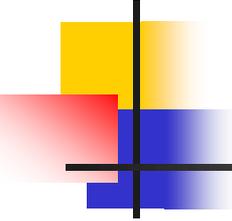
- Coal Creek (9-20-13) (timber land) no sales adjustments, no support for timber adj.
- Keith (11-6-13) Rarity Bay lakefront lot affirmed at \$300,000



# Recent Rulings – Income App

---

- Park Village (5-4-12) lapsed tax credits
- IHR Greenbuck (5-11-12) stabilized data for hotel, not actual
- Sell (5-16-12) split between \$6.3M versus \$8M contentions for Kohl's Johnson City

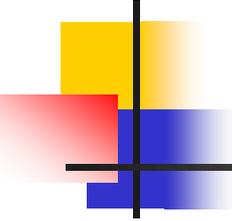


# Income App cont'd.

---

- Cabana Apts. (7-12-12) assessor appeal
- Industrial CIC (7-12-12) no lease up discount with direct cap
- Adams Place (7-13-12) independent living
- People's Bank (11-20-12) two story bank/office

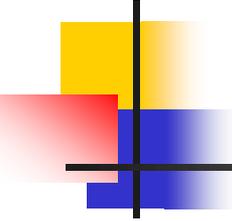
|



# Income App cont'd

---

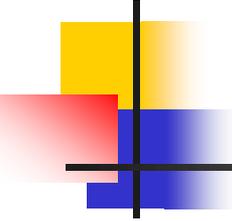
- Meadows (9-27-13) LIHTC written report, too many unanswered questions “risk typically lower”
- Lebanon NI (10-9-13) \$8.9M for 400K s.f. Class A warehouse, unopposed income approach, foreclosure sale at \$7.4M



# Income Approach, cont'd

---

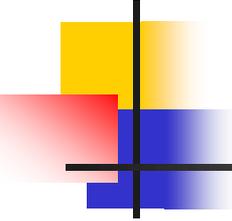
- Hickory Ridge Apts et al (10-25-13) rejects taxpayer contention that Section 1602 loan/grant may not be considered in value of rent restricted housing
- GMH/GF (11-6-13) reserve limited to real property items; cap rate for this university housing was properly based on tier 2-3 rather than tier one



# Recent rulings – cost approach

---

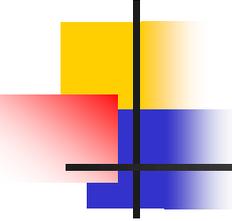
- Durashok (11-7-12) auto dealer, absent appraiser, BUT
- A. E. Staley (10-25-13) affirmed \$60-65M value for corn products mfg. facility after rejecting taxpayer appraisal for errors



# Recent rulings - Process

---

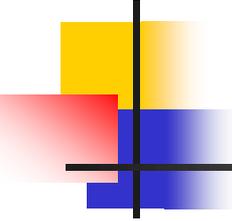
- Smyrna Commons (5-1-12) case mgmt compliance
- Miller (6-8-12) \$4 is not 'good faith' undisputed tax
- Anderson (5-3-12) no standing in post-date buyer when 1/1 owner appeals
- Dugdale (9-6-12) failure to carry fwd prior year CBOE, not correctable error



## Process, cont'd

---

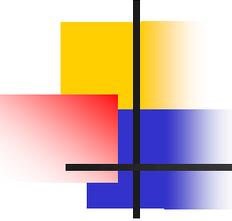
- Hickory Hollow (9-27-12) witness didn't prepare analysis (lawyer did)
- Central Woodwork (8-21-13) AAC review not limited to issue appealed
- Kang (5-2-12) jurisdiction in assessor's refusal to correct error
- Morningside (5-4-12) repeated unanswered calls was reasonable cause



# Classification (inc. HBU)

---

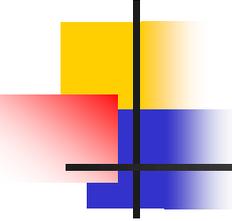
- Forest Hills (5-11-12) soybean crop trumps commercial HBU
- Pyne (5-11-12) greenbelt denied 17.75 ac. with stalled development
- Ellis Road (7-12-12) changing neighborhood warranted commercial class



## Classification, cont'd

---

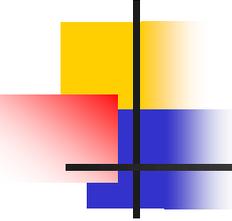
- Free Tire (11-7-12) two parcels, but one property for HBU analysis
- Estate of Farris (11-16-12) greenbelt notice inadequate
- Cherokee CC (10-8-13) golf course not 'open space' but no rollback
- Same result, same day: Holston Hills CC



## Classification, cont'd

---

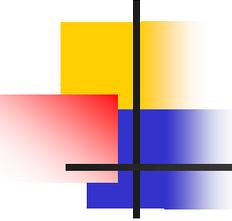
- Westhaven GC (10-31-13) lack of HBU analysis for golf course mandated rejection of taxpayer's contended value
- Melech Yeshayahu (10-31-13) rejected taxpayer's claim of immunity/exemption as sovereign



# Recent Rulings - TPP

---

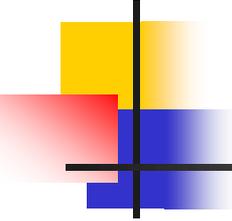
- Armstrong (5-24-12) NSV starts with RCN, not std. depreciated cost
- PMC Biogenics (8-6-13) appeal of BA is not amendment of schedule



# Tangible Personal cont'd

---

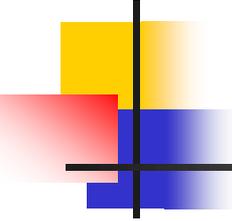
- MIG Wire (11-14-12) use 'original' (not 'historic') cost
- Central Woodwork (9-19-13)  
door/frame stock is raw material to installer



# Current TARP

---

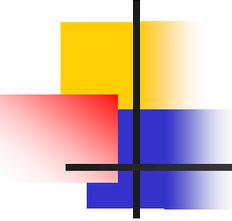
- Larry Burks
- Davis Gravelly
- Robert Kahn
- Doyle Monday (Chair)
- Robert (Mark) Parten
- Debbie Smith



# Current AJ's

---

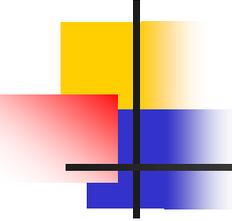
- Hon. Mark J. Minsky
- Hon. Brook Thompson
- Hon. Richard Collier
- Hon. Mark Aaron
- Hon. Pete Loesch (ret.)



# Current AAC

---

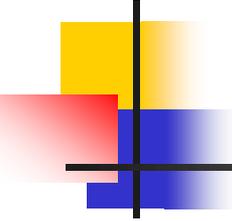
- **Ogden Stokes (Chairman)**
- **Jim Dooley**
- **N. Beth Ledbetter**
- **Tim Proffitt**
- **Michael H. Wills**
- **Keith Kyles**



# Current SBOE

---

- Gov. Bill Haslam (Chair)(Herb Slatery, designee)
- Secretary of State Tre Hargett
- Treasurer David Lillard
- Comptroller Justin Wilson
- TDOR Commissioner Richard Roberts
- Hon. Randy Button
- Hon. Bill Bennett



# Questions & information

---

- <http://www.comptroller.tn.gov/SBOE/>
- 615-747-5379
- kelsie.jones@cot.tn.gov