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PROPERTY RESOURCES INC.

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January 22, 2015

Mr. Kelsie Jones
Executive Secretary
State Board of Equalization
William R. Snodgrass, TN Tower
312 Rosa L. Parks Avenue, 9th Floor
Nashville, TN 37243

RE: PROPOSED RULE CHANGES – CONTESTED CASE PROCEDURES
0600-01-.03, .08 & .17

Dear Mr. Jones:

We have reviewed the proposed rule changes and offer the following comments for your consideration.

- Regarding the proposed change to Rule 0600-01-.03 which would add electronic filing requirements for any taxpayer filing appeals for more than three parcels. We see this as no problem for the average taxpayer and it would definitely not be a problem for agents who represent taxpayers. We do point out; however, that not all taxpayers are internet savvy or computer proficient and, in those cases, this would almost preclude them from filing an appeal for themselves and, more than likely, this person would contact your office or their local assessor's office for help in filing this appeal. Consequently, this could create more work for both offices. As an alternative, we would recommend that the limit be increased to 10 or more to possibly alleviate some of this problem.

- Regarding the proposed change to Rule 0600-01-.03 which in essence adds language that commercial or public utility appeals over $250,000 in value will not be accepted without the components (along with supporting documentation) of an income approach, sales comparison approach or cost approach supporting the contention of value being sent in with the appeal form or it will be deemed not filed in good faith and subject to dismissal. We see this as problematic for many reasons as follows:
  - Who will be making the determination of whether enough supporting documentation has been supplied to deem the appeal filed in good faith? The proposed change says "Appeals which fail to include the supporting information when filed will be subject to dismissal if the failure is not cured within thirty (30) days of a request for compliance filed by an opposing party." It says the "opposing party", which one would assume would be the County, if a taxpayer filed appeal, or the taxpayer, if a County filed appeal. If you leave it up to the defendant, which in most cases is the county assessor, then they could certainly make a claim that the documentation does not support the appeal, when, in fact, it does. At that point, the taxpayer, or the taxpayer's agent, could disagree and say that they have filed appropriate information to deem it a good faith appeal. At this point, the Administrative Judge or, perhaps you, being one of the only persons in your office that would be qualified to make this determination, would have to intervene and

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review the information to determine if the appeal is, in fact, filed in good faith or not. Your office and the Administrative Law Judges are already burdened with the appeals themselves and this could even further backlog appeals from being heard on the valuation if the Judge has to take time to review the documentation to make this determination or if a hearing has to be held on the merits of being a properly filed appeal.

- By making the value at $250,000 or greater, this rule change would qualify for virtually most of the commercial and public utility appeals requiring a large amount of data being supplied to your office for each appeal filed. This will create MUCH more paperwork for your office to handle. The typical packet of information that would include all supporting documentation, could be many pages – perhaps a light estimate would be 15-20 pages per appeal, with the most extreme cases, maybe including an appraisal report and other documentation being several hundred pages. Your office will have to make copies of this documentation to give to the Assessor's creating the need for more staff for your office and possibly more storage space requirements in order to file the information. Even if the information is scanned by your office and forwarded to the Assessor electronically, this is still a time consuming task for your office.
- This requirement creates an unequal footing for the appellant due to the fact that the opposing party will have many months to go through the supporting documentation and "shoot holes" in the information supplied without the appellant having the same information from the opposing party. If the property has been appealed to the County Board of Equalization (as opposed to a direct appeal), then, some documentation supporting the value requested has already been submitted to the County, i.e. an income approach if an income-producing property, etc. but the supporting documentation is usually not given at the County Board, since it is not typical that the value is reduced to that requested by the taxpayer. After an appeal is filed and the discovery process is underway, we already have to supply our supporting documentation to the Assessors' as a result of their discovery requests. Since most values that are appealed stem from a mass reappraisal, after an appeal is filed, the Assessor must take a closer look at the property. Some information is definitely required from the taxpayer so that they can do this; however, some counties are taking the stance that they are not giving the taxpayer anything to support their value other than their property record card from their mass appraisal value, even though they have performed an analysis and have a more thorough value conclusion than the original mass appraisal value. I understand that, as the appellant, the burden of proof lies with the taxpayer and we certainly have no problem with defending our value conclusion at a hearing; however, the "playing field", so to speak, should be equal and supporting documentation should be exchanged by both parties at the same time, rather than the Assessor having the supporting documentation for many months prior to having to give the appellant theirs when pre-filed exhibits are exchanged.
- Requiring the taxpayer to submit this level of information in order to even file an appeal is too burdensome to the average taxpayer that has no professional representation, either by an agent or attorney. This taxpayer may file an appeal at the County Board and may wish to protect their rights for an appeal for that year by filing their initial appeal to the State Board and then have either an appraisal done or hire an agent or attorney at that point. This requirement would preclude them from being able to do this as most appraisals require much more time than that allowed to be completed. There is also the possibility that the notice from the County Board of Equalization will not make it's way to the taxpayer until very close to the deadline. There have been many times when we have been called at the last minute to file an appeal for a taxpayer. Obviously, in most cases, if we are familiar with the market, we could come up with a quick

requested value but this would not give us an adequate amount of time to prepare supporting documentation to include with the appeal. Consequently, these appeals would be subject to dismissal under these rule changes even though a value reduction may be warranted.

- While we, as agents, have been notified of these proposed rule changes, and the opportunity to submit comments, the average taxpayer has absolutely no idea that there is a possibility that the appeal process has the potential to become much more burdensome than it already is for them to file an appeal to achieve the proper assessment for their property. At the same time, these proposed rule changes would give the Assessor every possible advantage.

- Regarding the proposed change to Rule 0600-01-.17 changing the initial processing fee to $7 – we have no problem with this requirement.

In summary, these rule changes benefit only the opposing party (typically the Assessor) and would create a very real problem for the average taxpayer who has a good faith appeal and also create excess work on the part of the State Board. This process is designed to allow the taxpayer a platform in which to achieve the proper tax that their property should be burdened with. It should be inviting to them, rather than so burdensome from the outset that they simply decide not to file an appeal at all because of the amount of paperwork required at the time of the filing. In most cases, the typical agent would be able to meet these requirements, even though it would put them at a disadvantage over the opposing party; however, those taxpayers not adequately represented or not represented at all will suffer dire consequences as a result of these proposed rule changes in the form of potentially paying much more in property taxes than they should for not only the year they would have appealed, but for succeeding years as well. Your office and the appeal process should be as accommodating to the taxpayer as possible in order to maintain the proper assessments throughout the State of Tennessee.

We appreciate your consideration of these comments.

Respectfully submitted

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2015 JAN 27 AM 9:57
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23 JAN '15
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02 1P $ 000.48⁰
0001818321 JAN 23 2015
MAILED FROM ZIP CODE 37220

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