January 26, 2015

Mr. Kelsie Jones
Executive Secretary
State Board of Equalization
9th Floor W.R. Snodgrass Tower
312 Rosa L. Parks Ave.
Nashville, TN 37243-1102

Dear Mr. Jones:

On behalf of the Tennessee Association of Assessing Officers (TNAAO), I wish to submit the following rule change requests to the State Board of Equalization for consideration. Each rule change request has been thoroughly discussed by the policy committee within the TNAAO and has received a unanimous recommendation.

I would welcome the opportunity to address the State Board of Equalization during the meeting where these items will be discussed. If there are any questions I can answer beforehand or additional information I need to submit, please let me know.

As always, if you have any questions or need any assistance, please feel free to contact me at (615) 598-2727.

Sincerely,

Will Denami
Executive Director

PO Box 331697 — Nashville, TN 37203 — Phone (615) 598-2727

1. TNAAO Recommends

Rule 0600-01-.03 would be amended by adding the following language at the end of paragraph (1)(d):

An electronic filing must be used by any taxpayer filing appeals on more than three parcels in a given year, or by any agent or practitioner filing appeals on more than three parcels in a given year.

2. **TNAAO Recommends**

Rule 0600-01-.08 would be amended by deleting the existing language in paragraph (1) and by substituting instead the following:

(1) Except by written directive of the Executive Secretary, no appeal which is initiated under Rule 0600-1-.03(1)(a) will be docketed for a hearing or prehearing conference before an administrative judge unless the appropriate appeal form appears to have been fully completed in good faith. If the valuation of the subject property is at issue, the appeal form must include a bona fide estimate of the market value of the property as of the relevant assessment date, and a statement of rationale in support of the estimated value. If the bona fide estimate of value exceeds $250,000 and pertains to property classified as industrial, commercial or public utility, this statement must include one or more of the cost, income, or market data approaches to value that support the estimate, specifying components of the approach and supporting documentation as follows:

(a) Cost approach – supply estimated replacement or reproduction cost for applicable assessment date; supply estimates for physical depreciation and functional and/or economic obsolescence where applicable.

(b) Market approach – supply up to three sales of comparable properties, indicating property identification, date of sale, sale price, area, year built, condition, and adjustments appropriate to render comparable selling price consistent with the subject property.

(c) Income approach -- supply actual and reconstructed potential and effective gross income, operating expenses (fixed, variable and replacement reserves), and an estimated capitalization rate (return on and return of). Three years actual income and expenses should be provided in addition to reconstructed income and expenses anticipated for the assessment year at issue.

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. The administrative judge may for good cause shown extend the time allowed for compliance by up to thirty (30) additional days.

3. **TNAAO Recommends**

Rule 0600-01-.17 would be amended by deleting the existing language in paragraph (2) and by substituting instead the following:

The initial processing fee shall be seven dollars ($7) per parcel.

4. **TNAAO Recommends**

Amend Rule 0600-01.08 by deleting the existing language in paragraph (2) and by substituting instead the following:

(2) For purpose of determining whether the Board has jurisdiction, a taxpayer or owner will not be deemed to have appealed the property in question to the county board if the taxpayer or owner, or the taxpayer's or owner's authorized representative:

(a) did not timely appeal the disputed classification and/or value to the county board;
(b) failed to make a personal or (if permitted) written appearance before the county board;
(c) failed to provide meaningful information concerning the classification and/or value to the board, including but not limited to the classification and/or value sought by the taxpayer or owner, the components of the approach (income, sales cost) relied on in determining the valuation sought; or
(d) requested the county board to affirm the disputed classification and/or value. This subsection shall not be construed in derogation of any right of appeal, or hearing before, the Board under the provisions of state law.

5. **TNAAO Recommends**

Amend Rule 0600-01.108 by deleting the existing language in paragraph (2) and by substituting instead the following:

(2) An original real property appeal timely filed at the Board may be amended as of right to include an assessment year or years subsequent to the year for which the original appeal was filed, until the next reappraisal. An original real property appeal filed late may be amended to include an assessment year or years subsequent to the year for which the appeal was filed, until the next reappraisal, if 1) the late appeal was nonetheless eligible for a reasonable cause determination under section 67-5-1412; and 2) the written order disposing of the original appeal was entered later than ten (10) days before the deadline for appealing the subsequent year assessment to the county or state boards of equalization. Provided however the assessor of property may request the appeal(s) be remanded to the county board of equalization if the real property has not been appealed to the county board of equalization for any of the tax years sought to be included in the appeal. All other requests to amend shall lie within the discretion of the administrative judge. The appellant permitted to amend shall file a separate appeal form for the subsequent year or years if directed by the executive secretary or administrative judge, and the appellant shall be responsible for additional hearing or processing costs related to the subsequent year assessments.

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