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COMPTROLLER OF THE TREASURY

February 10, 2015

Governor Bill Haslam
1st Floor, State Capitol
Nashville, TN 37243

Re: Proposed Contested Case Rule Amendment - State Board of Equalization

Dear Governor Haslam:

The Executive Secretary of the State Board of Equalization is proposing to change certain rules for filing property valuation appeals to its Board scheduled for voting on February 26th. These proposed rules will make it extremely difficult and onerous for the taxpayer and could even result in dismissal of their appeal.

While requiring an electronic filing fee seems unnecessary, the real issue is with the second proposed amendment, **"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 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 actual cost with appropriate trending factors to 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, price, area, year built, condition, and adjustments appropriate to render comparable selling price consistent with the subject property.

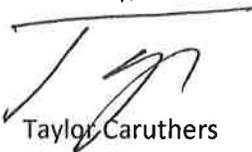
(c) Income approach -- supply actual and reconstructed potential and effective gross income, operating expenses (fixed, variable and replacement reserves), and an estimated required rate of return (income or discount). Three years actual income and expenses should be provided in addition to reconstructed 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.

Specifically, in subparagraph (1), the Executive Secretary, in effect, seeks to control the setting of the appeals on the State Board docket by providing that, "Except by written directive from the Executive Secretary" no appeal will be set unless the appeal form "appears to have been completed in good faith". In order to "fully" complete "in good faith" the appeal form must be accompanied with voluminous documents, the same documents that the taxpayer will be presenting at the hearing to support their case or basically filing evidence before a hearing date is even set. Furthermore, should the Executive Secretary in his sole discretion decide that the appeal form is not "fully completed in good faith" the appeal would not only never receive a hearing date, but could be summarily dismissed if not cured within 30 days. Such a provision has the effect of giving the Executive Secretary the right of telling the taxpayer which documentation and information must be accompanied with the appeal form. This decision should be left to the taxpayer as it should be remembered that many of the appealing taxpayers represent themselves in these proceedings and to burden them with these extra proposed filing requirements will have a chilling effect on their statutory right of appeal.

We are disappointed our state has chosen to add more rules and regulations to its taxpayers. These proposed rules are unnecessary, duplicative, and would require massive amounts of information filed with each appeal under very strict guidelines and penalties. In fact, under the Current Rules of Tennessee Department of State Administrative Procedures Division, there is already a Discovery provision where parties are encouraged to achieve any necessary discovery informally in order to avoid undue expense and delay in the resolution of the matter at hand. The proposed changes seem to be designed with the purpose of discouraging taxpayers from filing appeals. Appealing your property value to the State should remain a simple, inexpensive and most importantly a fair process without further control over the process being given to the Board which is charged with affording the taxpayers of this state a fair hearing. Therefore, on behalf of the taxpayers our company represents, I strongly urge you to vote NO on these proposed rule changes and not burden the Taxpayer with further rules and regulations. Thank you for your consideration in this important matter.

Sincerely,



Taylor Caruthers

cc: Bill Bennett, Vice-Chair
Tre Hargett
Justin P. Wilson
David H. Lillard, Jr.
Richard H. Roberts
Betty Burchett