State Board of Equalization – Rulemaking Hearing – Rule Amendments
Comments By: M. Davis Gravely, Registered Agent 0007

What is wrong with the current appeal rule process that necessitates this rule change?
How will this rule change benefit the taxpayers of Tennessee?

Rule 0600-01-.03)
Summarized - Electronic filling must be used by anyone (taxpayer, agent, etc.) filling appeals on more than three (3) parcels in a given year.

Comment; This should not be a problem for most people. However that is assuming that every taxpayer has access to and knowledge on how to accomplish this task. This could be a major problem and more cost to some taxpayers. How will each and every taxpayer be informed that they now have to file electronically if filling three or more appeals? Will the Assessor's Office be required to now file these appeals on behalf of those who cannot meet this requirement ($ more cost $). I know personally many people who do not use computers.

Rule 0600-01-.08)
Summarized – No appeal which is initiated will be docketed for a hearing or prehearing conference before an ALJ unless the appeal form have been fully completed in good faith.

Comments; Who is making the decision on whether the appeal form is properly filled out? Is the staff of the SBOE properly trained in appraisal terminology and do they have knowledge of valuation on different types of property to know if the appeal form is completed in good faith?
This seems to require more training and education = ($ more cost $).

Summarized – If the appeal is on value, the appeal form must include a bona fide estimate of FMV as of Jan. 1 and a statement of rationale in support the est. value. AND If the est. value exceeds $250,000 and pertains to commercial or public utility, this statement must include one or more of the (a) cost, (b) market, or (c) income approaches to value in support of the est. value, specifying components of the approach and supporting documents for (a), (b), or (c).

Comments; How is this process of gathering this extra data going to flow to the SBOE and the SBOE properly handle this new ton of data and processing it properly. Recently there have been major problems with SBOE getting the Official Certificate Orders timely issued. That was finally resolved by in effect doing away with them.

This new rule requirement just did away with the informal appeal process between the person appealing and the county appraiser. There has always been time prior to this rule change to discuss the value question with the county appraiser without going into a full blown Fee Appraisal on the taxpayers/agents part. Even the ALJ's Cass Management Orders allow for a period of time to informally settle the value question between the parties. This rule change

also makes the appeal process totally unequal because the county appraiser will have all the time to pick apart the data supplied by the taxpayer/agent. Whereas the county appraiser will not have to supply data to the taxpayer/agent until there is a hearing or the ALJ requires the county to do so. Talk about an unequal appeal process – what would the general taxpayer think of such a rule change if they all truly knew the appeal process. Would the Assessor of Property like to go out on the campaign trail and say vote for me but remember that when you appeal three or more properties you have to jump through so many hoops that anyone with common sense knows the process is all in my favor, the Assessor.

This rule change also infringes on any agents right to do business. In this manner; If a taxpayer who is unqualified to value their own property, comes to an agent wanting that agent to handle their appeal at such a time whereas there is not enough time to gather all the data and summit everything this rule is requiring then an agent cannot handle that taxpayers appeal and the taxpayer did not get due process from the State of Tennessee because of this rule. There is not a person in my industry that does not get last minute clients needing their property appealed.

Also why are commercial and public properties singled out? Why does this rule not include residential properties valued over $250,000? Could it be the Assessor does not want his voters to have to pay for a Fee Appraisal to go through the high value appeal process!

Summarized – Appeals which fail to include the supporting information when filed will be subject to dismissal if failure is not cured within 30 days of a request for compliance filed by an opposing party. The ALJ may for good cause extend the time allowed for compliance by up to 30 additional days.

Comments; Who is the opposing party? - The SBOE or the County and how do we know that the SBOE office did not properly supply their office with the proper data. What if we the taxpayer/agent feel that the proper data was submitted and the county just does not agree? What happens if during this process the taxpayer/agent requests from the county their Income Approach to Value and /or their Market Approach to Value? Is there a time limit the county has to supply the taxpayer's requested data? Is it not the right of the taxpayer/agent to know that information at a mandatory time frame as the Assessor is now requiring through your office? What if on a multimillion dollar property a MAI Appraisal is needed and it takes several months pass these requirements to secure. Based on this rule such an appraisal cannot be obtained. Now, these taxpayers' rights have been negated because of this rule.

Rule 0600-01-.17

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

Comments; Why not simplify this fee structure to a onetime fee up front per property. Its dollar amount could be based on the averaged that is now collected. This will simplify the process so the SBOE does not have to calculate the fee several different times throughout the appeal process. That will cut cost and time to the SBOE.

Also I believe it is fair to apply the fee to the property and not by parcel. There are many properties that have more than one parcel but the appeal is discussing the property and not the parcel per-se. An example of this is where a 200 unit apartment complex has 3 parcels. The appeal is dealing with one Income and Expense Statement and other data to estimate the value of the property. Once the value is determined it is split between the 3 parcels. Many times when an agreement is arrived at the adjustment is placed on only one of the 3 parcels. However the appeal needed to include all 3 to be sure all is taken into account.

Closing:

When proposing change to established procedures, the goal should be to improve the process for all parties involved. However, that is not the case in this proposed rule change. It only benefits the Assessor of Property. The current appeal rule process to the taxpayers of Tennessee is fair to all parties.

Now on the other hand if the Assessor's Office is determining that there are too many appeals and they do not have the staff to handle the work load, then consider increasing the budget to hire the proper personnel and do not demand change to the current appeal process to remedy their problem.

Please note that these rule changes were brought forward by the Director for the TNAAO, Mr. Will Danami. The TNAAO is a society made up of Assessors from the State of Tennessee. We respectfully state as taxpayer/agents with the SBOE, that you realize that this rule making change is nothing more on their part than to restrict the appeal process to the taxpayers of Tennessee. These proposed rule changes are one sided at best and will do very little or nothing to alleviate the number of appeals before the SBOE. It will compound the process even more and put additional burden on your staff, the staff of the Administrative Procedures Division, and most important the taxpayers of Tennessee. When complicating the appeal process this also impacts the taxpayers' appeal rights.

Thank you for your serious consideration of how this rule change will affect each Tennessee Taxpayer and the appeal process.

Sincerely,

M. Davis Gravely
Registered Agent 0007