

Sunset Public Hearing Questions for
STATE BOARD OF EQUALIZATION
Created by Section 4-3-5101, *Tennessee Code Annotated*
(Sunset termination June 2015)

1. Provide a brief introduction to the board, including information about its purpose, statutory duties, and staff.

The State Board of Equalization is responsible for assuring that assessments for the local property tax are performed in accordance with the Tennessee Constitution and statutes, although it is not directly involved in the assessment of property.

The duties of the Board include review, adoption and approval of assessment standards and revaluation programs. The Board also provides advice and assistance to local officials and taxpayers and provides property tax education programs for local officials in partnership with the state Division of Property Assessments (DPA) of the Office of the Comptroller. For most of the foregoing functions related to local assessments, the Board is assisted by DPA. The Board is responsible for development of rules and procedures for administration of the property tax relief program for the low-income elderly and disabled and disabled veterans. In this function, it is assisted by DPA, which maintains a Tax Relief Section.

Finally, the Board provides an administrative appeal for local property tax assessments, including matters of property tax exemption and the property tax relief program. It performs initial determinations on applications for religious, charitable and related property tax exemptions. The Board is responsible for reviewing compliance with the certified tax rate law applicable following countywide property tax revaluations. It also reviews and certifies the qualifications of non-attorney agents for property tax appeals.

The Board is unofficially attached for administrative purposes to the Comptroller's office. The staff consists of the executive secretary (statutory), an executive program manager, three staff attorneys who may also serve as administrative judges, administrative analyst and support staff. The staff also supports the six-member Assessment Appeals Commission, appointed annually by the Board to hear appeals from initial decisions of the administrative judges.

2. Who is currently serving on the board? What procedure is used to select the two members not serving *ex officio* to be sure they meet the criteria established in Section 4-3-5101(a)(6) and (7)?

The Board consists of seven members: the Governor, Secretary of State, State Treasurer, State Comptroller, Commissioner of Revenue, and two persons appointed by the Governor who must be knowledgeable and experienced in local assessments. The Governor is authorized to serve through a designee. Appointment of the non-*ex officio* members is handled through the Governor's office, and we

have forwarded part of this question to that office for reply.

3. What were the board's revenues (by source) and expenditures (by object) for fiscal years 2013 and to date for 2014?

	<u>Revenues</u>	<u>Expenditures*</u>
2012-2013	\$146,627	\$286,099
2013-2014	\$124,128**	\$148,144**

*less grants and subsidies

** through February 2014

Additional information is attached.

4. What were the major accomplishments of the board during fiscal years 2013 and to date for 2014?

Processed appeals on 15,644 parcels of property, exemption applications on 1,635 properties, reviewed certified tax rate calculations for 203 tax jurisdictions, and initiated on-line public access to file appeals and review decisions of the Board in property tax appeals. Processed 3,984 refunds and 11,660 sureties.

Provided about 60 hours of training on assessment issues, and advice in the form of dozens of memos and letters and about 8,500 phone calls for local officials and taxpayers.

Provided assistance to legislative committees in their review and action on property tax issues, with initiatives in the areas of personal property assessment, greenbelt, economic development agreements, and appeal procedures.

5. What reports does the board prepare on its operations, activities and accomplishments and who receives the reports?

At present, the only report prepared by the Board is the annual tax aggregate report, which includes summary property tax assessment data for cities and counties throughout the state. A copy of the most recent report is attached, and it is also available at the Comptroller's web site, <http://www.comptroller.tn.gov/pa/pdf/2013TaxAggregateReport.pdf>

6. In addition to the disclosure requirements placed on individual members of the board at Section 8-50-501, Tennessee Code Annotated, how does the board ensure that its members and staff are operating in an impartial manner and that there are no conflicts of interest? If the board operates under a formal conflict of interest policy, please attach a copy of that policy.

Actions of the Board are taken in the context of competing interests who are generally quite diligent in assuring that their viewpoints are represented. If the evidence before

the Board in an appeal indicated a Board member has a financial interest in the outcome, the law requires, and the parties and other Board members would expect, the conflicted member to recuse. In addition, Board staff is expected to subscribe to the Employee Guide to Ethics and Conduct adopted by the Comptroller of the Treasury, and attorneys appointed or employed by or on behalf of the Board are governed by ethical standards adopted by the Tennessee Supreme Court (Rules of Professional Conduct; Code of Judicial Conduct).

7. Has the board published assessment manuals for use by local tax assessors as required by Section 4-3-5103, *Tennessee Code Annotated*? How often are changes made to the manual and how are local tax assessors made aware of changes?

The Board has published assessment manuals, but no changes have been made since 2002. Our process for communicating changes is to send a summary or text of changes to all assessors and allow a comment period before adoption.

8. What rules, regulations and procedures has the board promulgated for implementing tax relief programs for the groups designated in Section 4-3-5103, *Tennessee Code Annotated*?

Attached, also available at www.state.tn.us/sos/rules/0600/0600.htm .

9. How many complaints and appeals pertaining to valuation, classification and assessment of property were received during fiscal years 2013 and to date for 2014? What are the major areas of concern involved in most of the complaints and appeals? What is the board doing to address areas of concern generating complaints? What is the average length of time to resolve appeals?

The major area of concern raised in appeals is assessable value, either in absolute terms or in comparison to other properties or to the value employed in the previous year. In fact the Board can usually only address whether the property has been appraised by the assessor for the current year in excess of its fair market value. We have attempted to address these concerns by providing for more regular revaluations, and by educating taxpayers about the process and legal parameters of appeal.

10. How many complaints and appeals pertaining to exemptions of property from taxation were received during fiscal years 2013 and to date for 2014? What are the major areas of concern involved in most of the complaints and appeals? What is the board doing to address areas of concern generating complaints? What is the average length of time to resolve appeals?

The major area of concern raised in exemption appeals is eligibility, followed by effective date. The biggest source of confusion or misunderstanding is the actual use requirement, which delays the effective date of exemption until the property, including property under construction, is in actual use for exempt purposes. Many organizations acquire property for future use and do not understand why they must pay taxes while awaiting future use.

11. Describe any items related to the board that require legislative attention and your proposed legislative changes.

None proposed at this time.

12. Should the board be continued? To what extent and in what ways would the absence of the board endanger the public health, safety or welfare?

The Board should be continued, as an impartial means of assuring accuracy and uniformity in property tax assessments.

13. Please list all board programs or activities that receive federal financial assistance and, therefore are required to comply with Title VI of the Civil Rights Act of 1964. Include the amount of federal funding received by program/activity.

If the board does receive federal assistance, please answer questions 14 through 21. If the board does not receive federal assistance, proceed directly to question 20.

None. *The Board does not receive federal financial assistance.*

14. Does your board prepare a Title VI plan? If yes, please provide a copy of the most recent plan.

15. Does your board have a Title VI coordinator? If yes, please provide the Title VI coordinator's name and phone number and a brief description of his/her duties. If not, provide the name and phone number of the person responsible for dealing with Title VI issues.

16. To which state or federal agency (if any) does your board report concerning Title VI? Please describe the information your board submits to the state or federal government and/or provide a copy of the most recent report submitted.

17. Describe your board's actions to ensure that board staff and clients/program participants understand the requirements of Title VI.

18. Describe your board's actions to ensure it is meeting Title VI requirements. Specifically, describe any board monitoring or tracking activities related to Title VI, and how frequently these activities occur.

19. Please describe the board's procedures for handling Title VI complaints. Has your board received any Title VI-related complaints during the past two years? If yes, please describe each complaint, how each complaint was investigated, and how each complaint was resolved (or, if not yet resolved, the complaint's current status).

20. Please provide a breakdown of current board staff by title, ethnicity, and gender.

State Board Staff	Title	Ethnicity	Gender
Kelsie Jones	Executive Secretary	Caucasian	Male
Karen B. Hale	Executive Program Manager	Caucasian	Female
Sabrina Williams	Attorney	African American	Female
Emily Bennett	Attorney	Caucasian	Female
John Sharpe	Attorney	Caucasian	Male
Connie Sands	Administrative Analyst	Caucasian	Female
Arlene Hailey	Administrative Services Assistant	Asian	Female
Marcia Greer	Legal Secretary	Other	Female
Rhonda Wright	Legal Secretary	Caucasian	Female
Shirley Marriott	Administrative Secretary	Caucasian	Female
Kewana Barbee	Administrative Secretary	African-American	Female

Please let us know if additional information is needed.

21. Please list all board contracts, detailing each contractor, the services provided, the amount of the contract, and the ethnicity of the contractor/business owner.

- A. Delegated Contract 30701-13008 Court Reporters (Edison Contract 36054) This is a shared contract for all divisions of the Comptroller of the Treasury.
Contract Period – 7/1/2013 – 6/30/2014
Total Amount of Contract – \$16,000
Amount used by State Board of Equalization – \$1,366.00
Vendor – Alpha Reporting Corporation
Services Provided – Court Reporting Services
Ethnicity – Other
- B. SVC (ID Contract - Edison Contract 37382)
Contract Period – 8/1/2013 – 6/30/2014
Total Amount of Contract – \$55,000
Amount used by State Board of Equalization – \$26,145.05
Vendor – TRICOR (State of Tennessee)
Services Provided – Document Preparation, Bar Coding, Indexing & Printing, Document Scanning, and Document Shredding
Ethnicity – Unknown since various inmates perform the work