

TENNESSEE STATE BOARD OF EQUALIZATION
BEFORE THE ADMINISTRATIVE JUDGE

IN RE:	Betsy & Phil Goodell)	Williamson County
	Property ID: 28D D 015.00)	
)	
	Tax Years 2018-2019)	Appeal No. 123222

INITIAL DECISION AND ORDER

Statement of the Case

The subject property is presently valued as follows:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$ 375,000	\$ 2,978,600	\$ 3,353,600	\$ 834,400

The taxpayer did not appear before the Williamson County Board of Equalization (“County Board”) for tax year 2018. The taxpayer filed a direct appeal to the State Board of Equalization (“State Board”) on January 11, 2019. The undersigned administrative judge conducted a jurisdictional hearing on December 10, 2019 in Franklin. Betsy Goodell, Phil Goodell, and Williamson County Property Assessor employee Shane Anglin participated.

On March 13, 2020, the administrative judge issued an order finding that the State Board lacked jurisdiction for tax year 2018 due to the taxpayer’s failure to appear before the County Board during its tax year 2018 session. Despite that the State Board lacked jurisdiction for tax year 2018, the taxpayer was able to amend the appeal to include tax year 2019 per State Board Rule 0600-08-.01(2).

On July 13, 2020, the administrative judge conducted a tax year 2019 hearing via telephone on the value of the subject property as of January 1, 2019. Phil Goodell and Williamson County Property Assessor employee Shane Anglin participated.

Findings of fact and conclusions of law

The administrative judge finds that the taxpayer's complaint with respect to tax year 2018 must be dismissed. Normally, an appeal to the local board of equalization is a jurisdictional prerequisite to a State Board appeal.¹ However, if a taxpayer can establish "reasonable cause" for the failure to timely appeal to the local board, the State Board may accept a direct appeal filed up to March 1 of the year subsequent to the year in which the time for appeal began to run.² "Reasonable cause" is generally understood to mean "illness or other circumstances beyond the taxpayer's control."³ In this case, the taxpayer purchased the subject property in January 2018.

Because the assessor's office did not change the assessment for tax year 2018 from the previous year of Williamson County's 2016-2021 reappraisal cycle, the assessor did not send individual notice of the value or assessment for tax year 2018 to the taxpayer. The taxpayer testified that the taxpayer was not aware of the tax appraisal value for tax year 2018 until receipt of the tax bill.

Assessors generally reappraise real property on four, five, or six year cycles.⁴ Absent certain exceptions not applicable here,⁵ assessors typically do not change the tax appraisal values of real property between reappraisals. An assessor assesses property annually by noting "upon the assessor's records the current classification and assessed valuation of all taxable property within the assessor's jurisdiction."⁶ An assessor is required to send written notice of an individual

¹ Tenn. Code Ann. §§ 67-5-1401 & 67-5-1412(b).

² Tenn. Code Ann. § 67-5-1412(e).

³ *Associated Pipeline Contractors, Inc.* (Final Decision & Order, Williamson County, Tax Year 1992, issued August 11, 1994).

⁴ Tenn. Code Ann. § 67-5-1601.

⁵ Tenn. Code Ann. §§ 67-5-603 (improvements or property damage) and 67-5-1601(a) (county-wide indexing).

⁶ Tenn. Code Ann. § 67-5-508(a)(1).

assessment only if the assessor has made a change to the tax appraisal value or the classification of a property.⁷

In this case, the assessor made no change to the tax appraisal value or the classification of the subject property from the prior tax year. Accordingly, the assessor was not required to send individual notice of the tax year 2018 assessment. Unfortunately, the administrative judge must follow prior State Board precedents, which have consistently dismissed appeals under these circumstances.⁸ The administrative judge understands the taxpayer's earnest concern about the difference between the tax appraisal value and the taxpayer's purchase price, but the administrative judge finds it irrelevant to the threshold issue of jurisdiction. It is well-established that the State Board lacks the authority to ignore or waive statutory appeal requirements or deadlines based on equitable concerns.⁹

As stated previously, the taxpayer was permitted to amend the tax year 2018 appeal to include tax year 2019 per State Board Rule 0600-01-.10(2), even despite the dismissal of the taxpayer's complaint with respect to tax year 2018. Originally built in 2004, the subject property was a single family residence in Brentwood. Based on the taxpayer's January 2018 purchase price, the taxpayer contended that the tax year 2019 value of the subject property should be reduced to \$2,450,001. Based on a valuation analysis, the assessor's office recommended that the current tax appraisal value of \$3,353,600 should be affirmed.

⁷ Tenn. Code Ann. §§ 67-5-508(a)(3) and 67-5-1601(e).

⁸ *Terry L. & Donna Roop* (Initial Decision & Order, Sullivan County, Tax Year 2016, issued May 17, 2017); *Craig Meyer* (Initial Decision & Order, Sequatchie County, Tax Year 2016, issued April 28, 2017).

⁹ *Homelife Oxygen LLC* (Initial Decision & Order, Shelby County, Tax Year 2016, issued March 1, 2005) at 3, *aff'd Homelife Oxygen LLC* (Final Decision & Order, Shelby County, Tax Year 2016, issued February 7, 2006) (observing that "the parties cannot waive or confer jurisdiction, that the appeal was indeed filed late under established rules for calculation of time, and that the Board does not have equitable power to ignore the deadlines to appeal.")

As the party challenging the status quo, the taxpayer has the burden of proof to establish a more credible value.¹⁰ “Value” is ascertained from evidence of the property’s “sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values...”¹¹

Upon review of the record, the administrative judge finds that the taxpayer failed to carry the burden of proof to affirmatively establish a reduced value. The taxpayer’s only evidence was the taxpayer’s price when the taxpayer purchased the subject property at a courthouse auction in January 2018. The taxpayer was the only bidder at the auction.

Historically, the State Board has given little weight to sales out of foreclosure because such sales typically involve circumstances such as duress, atypical motivations such as “clearing the books,” or insufficient market exposure.¹² For instance, in *Thomas & Anna Joldersma*, the Assessment Appeals Commission stated,

The burden of proof in appeals before the Commission is on the [appealing party]. The Commission accepts the premise that lenders are not typically motivated sellers of development lots they have acquired out of foreclosure. The testimony offered on behalf of appellant does not establish the motivations of buyers and sellers in this instance sufficiently to overcome this premise....¹³

Perhaps more importantly, the Assessment Appeals Commission has found that “there is considerable risk in pointing to a single sale as conclusive evidence of market value, even a sale

¹⁰ See State Board of Equalization Rule 0600-1-.11(1) and *Big Fork Mining Company v. Tennessee Water Quality Control Board*, 620 S.W.2d 515 (Tenn. Ct. App. 1981). Disproving assumptions underlying the current valuation or pointing out “the likelihood that a more accurate value is possible” - without more – neither invalidates the levy or judgment under appeal nor constitutes a prima facie case for a change. *Coal Creek Company* (Final Decision & Order; Anderson, Campbell, and Morgan counties; Tax Years 2009-2013; issued June 25, 2015).

¹¹ Tenn. Code Ann. § 67-5-601(a).

¹² *Armed Services Mutual Benefit Assoc.* (Final Decision & Order, Davidson County, Tax Years 1991 & 1992, issued November 1, 1993); *Thomas & Anna Joldersma* (Final Decision & Order, Roane County, Tax Years 2010 & 2011, issued December 18, 2012).

¹³ *Thomas & Anna Joldersma* (Final Decision & Order, Roane County, Tax Years 2010 & 2011, issued December 18, 2012), <https://comptroller.tn.gov/content/dam/cot/sboe/judges-decisions/level-2/2012/2012-12-18-joldersmathomasa-annas.pdf>.

of the property under consideration.”¹⁴ The Assessment Appeals Commission has described the residential value appeal adjudication process as follows:

The best evidence of the present value of a residential property is generally sales of properties comparable to the subject, comparable in features relevant to value. Perfect comparability is not required, but relevant differences should be explained and accounted for by reasonable adjustments. If evidence of a sale is presented without the required analysis of comparability, it is difficult or impossible for us to use the sale as an indicator of value....¹⁵

Finally, it should be mentioned that although it did not have the burden of proof, the assessor’s office’s presentation reasonably supported the current value. The assessor’s presentation properly focused on reasonably adjusted comparable sales. Under these circumstances, the taxpayer’s foreclosure auction purchase price is simply not enough to justify a reduced value.

ORDER

It is therefore ORDERED:

1. The tax year 2018 appeal is amended to include tax year 2019.
2. The taxpayer’s complaint with respect to tax year 2018 is dismissed, and the following equalized value and assessment for tax year 2018 shall stand:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$ 375,000	\$ 2,978,600	\$ 3,353,600	\$ 834,400

3. For tax year 2019, the subject property shall remain assessed as follows:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$ 375,000	\$ 2,978,600	\$ 3,353,600	\$ 834,400

¹⁴ *Mewa Singh Mundi* (Final Decision & Order, Washington County, Tax Years 1991 & 1992, issued December 17, 1993).

¹⁵ *E.B. Kissell, Jr.* (Final Decision & Order, Shelby County, Tax Years 1991 and 1992, issued June 29, 1993).

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal “**must be filed within thirty (30) days from the date the initial decision is sent.**” Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal “**identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order**”; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

The result of this appeal is final only after the time expires for further administrative review, usually seventy-five (75) days after entry of the Initial Decision and Order if no party has appealed. Filings should be made by email to sb.web@cot.tn.gov or by facsimile to 615-253-4847.

ENTERED this 13th day of July 2020.



Mark Aaron, Administrative Judge
Tennessee Department of State, APD
Mark.Aaron@tn.gov

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing Order has been transmitted via email to:

Williamson County Property Assessor
Brad.Coleman@williamsoncounty-tn.gov
Shane.Anglin@williamsoncounty-tn.gov

Betsy & Phil Goodell
betgoodell@gmail.com
philgoodell1@gmail.com

This the 13th day of July 2020.

A handwritten signature in blue ink, appearing to read "Mark Aaron", written over a horizontal line.

Mark Aaron, Administrative Judge
Tennessee Department of State, APD