

INTRODUCTION

Section 172 of the Constitution of Kentucky requires that all property be assessed for taxation at its fair cash value. The assessment date is January 1 of each year. Fair cash value is defined as the price a property would bring at a fair, voluntary sale with a willing buyer and willing seller. Whenever an assessed value of real property changes from the previous year's assessment, the local property valuation administrator (PVA) is required to send the affected property owner a notice of the change. When property owners disagree with the new assessed value, the first step in the appeals process is to schedule a conference with the PVA or a designated deputy.

CONFERENCE PROCEDURES

A property owner must schedule a conference prior to the end of the designated time period known as the tax roll inspection period. The inspection period affords property owners the opportunity to review all assessments for the current year. The tax roll inspection period is normally scheduled to begin on the first Monday in May, continues for six days per week for the next two weeks, and ends on the third Monday in May. However, this schedule may be adjusted if reassessment work in a particular county requires extra time. Each county's inspection period schedule is required to be published in the local newspaper with the widest circulation.

Although most PVAs send out assessment increase notices one to two weeks prior to the start of the inspection period, some mail their notices early in the year. If this occurs and the property owner wants to discuss the new assessment with the PVA, rather than waiting until the inspection period begins in May, a conference can be scheduled as soon as possible after the notice is received.

At the conference, the PVA or a designated deputy will explain how the new assessment was derived. All information used to reassess the property should be presented to the property owner. Property owners must declare their opinion of value for the property and be prepared to present any evidence to support the declared value. Examples of this type of documentation include:

- sales or assessment data from comparable properties;
- income and expense statements for the past three accounting periods (this pertains mainly to commercial properties);
- any recent appraisals of the property;
- original construction cost or cost of additions or improvements to the property;
- documentation of insured value; or
- asking price information if the property has been recently offered for sale.

Although it is desirable that the conference between the property owner and PVA be in person, it is realized that in some instances a face-to-face meeting would be overly burdensome on the property owner. To alleviate this problem, conferences are permitted to be conducted by telephone.

Past experience has shown that most disagreements over assessments are resolved at these conferences. Either the property owner understands more about the assessment process and accepts the new assessment as fair, or a decrease in the assessed value is made due to the documentation provided by the property owner or in the discovery of an error in the PVA records. However, when a conference does not end in agreement, the next step available to the property owner is to file an assessment appeal with the county clerk's office.

FILING THE APPEAL

The PVA is required to maintain a written record of each conference held. Upon completion of the conference with the PVA, a copy of the written summary of the conference results may be provided to the property owner. This copy is to be retained by the property owner and then presented to the county clerk as documentation that a conference was held with the PVA when an appeal is filed.

The property owner must obtain and complete an appeals form from the county clerk's office in the county where the property is located. The appeals form requires the property owner to provide general information about the property under appeal. It also requires confirmation that a conference has been held with the PVA. Finally, the property owner must state his or her opinion of the fair cash value of the property and explain why it is thought that the property is assessed too high. After completion, the property owner must then file the appeals form with the county clerk's office. The county clerk's office will schedule and notify all property owners when and where their appeal hearing will be held.

The last date to file an appeal is one working day after the close of the inspection period. For example, if the inspection period closes on the third Monday of May, then all appeals must be filed in the clerk's office by the close of business on the third Tuesday in May.



APPEAL HEARING— APPEARING BEFORE THE LOCAL BOARD OF ASSESSMENT APPEALS

All real property assessment appeals are heard by a three-member panel known as the local board of assessment appeals. The board is comprised of three local residents who are knowledgeable about real estate values in the county. The specific requirements that must be met by the board members are listed in the section titled "Requirements of the Local Board of Assessment Appeals."

The hearings at the local level are informal. Retaining an attorney or other professional representative is not necessary; however, a property owner can have a representative if it is desired. Any compensated representative of a property owner must be an attorney, a certified public accountant, a certified real estate appraiser, a Kentucky licensed real estate broker, an employee of the taxpayer, or any other individual possessing a professional appraisal designation recognized by the Department of Revenue. In addition, a representative must present written authorization from the property owner which details the professional capacity of the representative, and it must also disclose any personal interests the representative may have in the outcome of the appeal, including any contingency fee arrangements. However, if the representative is an attorney, any contingency fee arrangement does **not** have to be disclosed. At the hearing, the PVA will present information in support of the assessment and the property owner **must present factual evidence to support his or her claim of value**. A listing of suggested documentation is included in the "Conference Procedures" section. However, while a property owner can have a conference with the PVA without providing any documentation an appeal **will be denied** if the taxpayer has been asked to present information by the PVA, Department of Revenue, or the board, but fails to do so.

A decision will not immediately be made by the board. The property owner will be notified by certified mail of the board's decision. If the property owner is dissatisfied with the local board's ruling, an appeal can then be filed at the State level with the Kentucky Board of Tax Appeals (KBTA). The specific procedures to follow when filing an appeal with the KBTA are listed in the section titled "Kentucky Board of Tax Appeal Procedures."

REQUIREMENTS FOR APPOINTMENT TO THE LOCAL BOARD OF ASSESSMENT APPEALS

The local board of assessment appeals is comprised of three reputable real property owners that have resided in the county for at least five years. One member is appointed by the county judge-executive, the fiscal court appoints one member, and the final appointment is made by the mayor of the city with the largest assessment using the tax roll prepared by the PVA. All members are appointed to serve a three-year term.

Each member must have extensive knowledge of local real estate values preferably through work in real estate sales, appraisals, management, financing or construction. Mayors of first, second, or third-class cities must appoint a certified real estate appraiser unless evidence can be provided to the Department of Revenue that one cannot be found.

KENTUCKY BOARD OF TAX APPEAL PROCEDURES

When a property owner is dissatisfied with the decision of the local board of assessment appeals, the appeal process can be continued at the state level by filing an appeal with the Kentucky Board of Tax Appeals (KBTA). The appeal must be received by the KBTA within 30 days from the date of the mailing of the ruling notice sent by the local board of assessment appeals.

To file an appeal with the KBTA, a letter outlining the reason for the appeal must be sent to the KBTA. This letter must be prepared in triplicate and a copy of the ruling notice received from the local board of assessment appeals must also be included with each copy. The mailing address of the KBTA is:

*Kentucky Board of Tax Appeals
128 Brighton Park Boulevard
Frankfort, KY 40601*

The property owner and PVA will be notified by mail of the time and location of the appeal hearing. Since the board members will often travel to various areas of the commonwealth to hear appeals, it may not be necessary for the property owner to drive to Frankfort for the appeal hearing.

Hearings before the KBTA are more formal than those before the local board; however, legal representation is not required if an individual chooses to represent himself. Any artificial entity such as a corporation or partnership must have legal counsel. The property owner must again present evidence to support his or her opinion of the property's value and the PVA will again document the basis of the new assessments. Rulings of the KBTA are mailed to the property owner and the PVA.

An appeal from the order of the KBTA can be taken to the circuit court of the county in which the property is located and from the order of the circuit court to the Kentucky Court of Appeals.

PAYMENT OF TAXES WHILE APPEAL IS PENDING

A property owner is entitled to pay property taxes based upon his or her claim of value until the appeal is resolved. When the appeals process is finalized, and if the value of the property is determined to be more than the amount claimed by the property owner, a supplemental tax bill will be sent to the property owner. The following example will illustrate this situation:

Assessment of Value

PVA's Appraisal:	\$75,000
Property Owner's Claim:	\$60,000

The property owner appeals to the local board and is dissatisfied with the ruling received. The appeal is taken to the KBTA. Property tax bills are prepared and mailed in October. The appeal before the KBTA is not scheduled to be heard until November, and in December the KBTA rules that the property's value should be \$70,000. The appeal is not taken any further.

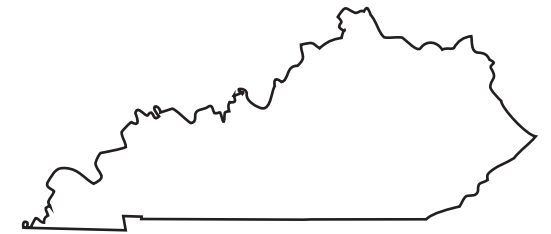
In the above situation, the property owner's October tax bill is based upon \$60,000, which is the property owner's claim of value. In December the property owner will receive a supplemental tax bill based on a \$10,000 assessment, which is the difference between the ruling of the KBTA and the property owner's claim of value.

It should be noted that if the appeal procedure extends past December and if a supplemental bill must ultimately be sent out, interest will be applied to the balance due. The interest rate used varies by law each year with the prime rate.

MORE INFORMATION

Property owners with questions about the real property assessment appeal process can contact the local PVA office, or write the Office of Property Valuation, 501 High Street, Station 30, Frankfort, KY 40620 or call (502) 564-8338.

APPEALS PROCESS FOR REAL PROPERTY ASSESSMENTS



Commonwealth of Kentucky
Department of Revenue
Office of Property Valuation