



**FINANCE AND ADMINISTRATION CABINET  
OFFICE OF THE SECRETARY**

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**John R. Farris**  
Secretary

In the matter of:

████████████████████ INC.

Contact:

████████████████████, Inc.  
████████████████████

FINAL RULING NO. 2006-98  
November 13, 2006

Assessment of Public Service Company for tax year 2000

**FINAL RULING**

The Kentucky Department of Revenue currently has an outstanding assessment of property totaling \$██████████ for tax year 2000 against ██████████, Inc. (Taxpayer). The issue is the company's true fair market value. The taxpayer has not submitted a claimed true value. The taxpayer's principal business activity is reselling telephone service in Kentucky. The taxpayer was a public service corporation for tax year 2000.

At issue are the following:

1. What is ██████████'s fair market value?
2. Has ██████████ properly complied with the provisions of KRS 131.110(1)?

Concerning the first issue, all property must be assessed at its fair cash value (Ky. Constitution Sec. 172). The Department of Revenue, Public Service Branch has a standard valuation process to determine the company's fair market value to comply with KRS 136.160.

KRS 136.160(1) states:

The Revenue Cabinet shall determine the fair cash value of the operating property of a domestic public service corporation as a unit. The fair cash value of the operating property shall be equalized.

The Public Service Branch has determined the fair cash value of the Taxpayer's property in accordance with this statute. The Taxpayer has failed to provide any information regarding the fair cash value of its property. It has also failed to provide adequate documentation to refute the true value of its property as determined by the Department as required by KRS 136.180(2).

Concerning the second issue, it is the Department's position that the supporting statement was never filed per KRS 131.110(1).

KRS 131.110(1) states in part:

The protest shall be accompanied by a supporting statement setting forth the grounds upon which the protest is made.

In letters dated [REDACTED], 2001, [REDACTED], 2001, [REDACTED], 2006 and [REDACTED], 2006 the Department has requested information to be filed in order to resolve this issue for the outstanding tax years. The taxpayer has failed to file the requested information that may allow the Department to reconsider their assessments. In the following court cases the courts have agreed that supporting documentation must be filed in order for the Department to make reconsideration.

In Eagle Machine Company, Inc. v. Commonwealth ex rel Gillis, Ky. App., 698 S.W.2d 528 (1985), the Court held, inter alia, that ". . . in a protest to a tax assessment, a taxpayer has an obligation to provide financial statements, records or some other documentation that would allow the Revenue Department some basis for reconsideration. In the instant case, despite requests for such information by the appellee, Eagle Machine failed to supply any significant documentation in support of its contention that the assessments were in error."

In Scotty's Construction Company, Inc. v. Commonwealth Of Kentucky Revenue Cabinet, Ky. App., 779 S.W. 234 (1989), the court mentions, ". . . the circuit court which held that Scotty's failure to submit documentation as required by the statute before the issuance of the final ruling had the effect of failure to preserve appellant's right to review the assessment and on the strength of Eagle Machine set aside the Board's order and reinstated the determination of Revenue."

The court then reaffirmed its opinion in Eagle Machine by stating: "In a protest to a tax assessment, a taxpayer has an obligation to provide financial statements, records or some other documentation that would allow the Revenue Department some basis for reconsideration. In the instant case, despite requests for such information by the appellee, Eagle Machine failed to supply any significant documentation in support of its contention that the assessments were in error."

The court concludes by stating, ". . . the statute is mandatory in nature."

The Taxpayer has failed to provide any information in support of its appeal and it has not responded to the Department's requests to provide this information. Therefore, the Taxpayer has failed to support its protest as required by KRS 131.110 and the foregoing cases.

Based on the above, the Department maintains that ██████████, Inc. is subject to full state and local property tax rates on the value totaling \$ ██████████. This letter is the final ruling of the Department of Revenue.

### **APPEAL**

You may appeal this final ruling to the Kentucky Board of Tax Appeals pursuant to the provisions of KRS 131.110, KRS 131.340-131.365, 103 KAR 1:010 and 802 KAR 1:010. If you decide to appeal this final ruling, your petition of appeal must be filed at the principal office of the Kentucky Board of Tax Appeals, 128 Brighton Park Boulevard, Frankfort, Kentucky 40602-2120, within thirty (30) days from the date of this final ruling. The rules of the Kentucky Board of Tax Appeals, which are set forth in 802 KAR 1:010, require that the petition of appeal must:

1. Be filed in quintuplicate;
2. Contain a brief statement of the law and facts in issue;
3. Contain the petitioner's or appellant's position as to the law and facts; and
4. Include a copy of this final ruling with each copy of the petition of appeal.

The petition of appeal must be in writing and signed by the petitioner or appellant. Filings by facsimile or other electronic means shall not be accepted.

Proceedings before the Kentucky Board of Tax Appeals are conducted in accordance with 103 KAR 1:010, 802 KAR 1:010 and KRS 131.340-131.365 and KRS Chapter 13B. Formal hearings are held by the Board concerning the tax appeals before it, with all testimony and proceedings officially reported. Legal representation of parties to appeals before the Board is governed by the following rules set forth in Section 2 (3) of 802 KAR 1:010:

1. An individual may represent himself in hearings before the Board;
2. An individual who is not an attorney may not represent any other individual, corporation, trust, estate, or partnership before the Board; and
3. An attorney who is not licensed to practice in Kentucky may practice before the Board if he complies with Rule 3.030(2) of the Rules of the Kentucky Supreme Court.

[REDACTED], Inc.

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You will be notified by the Clerk of the Board of the date and time set for any hearing.

Sincerely,

FINANCE AND ADMINISTRATION CABINET

A handwritten signature in cursive script, appearing to read "Thomas H. Brown".

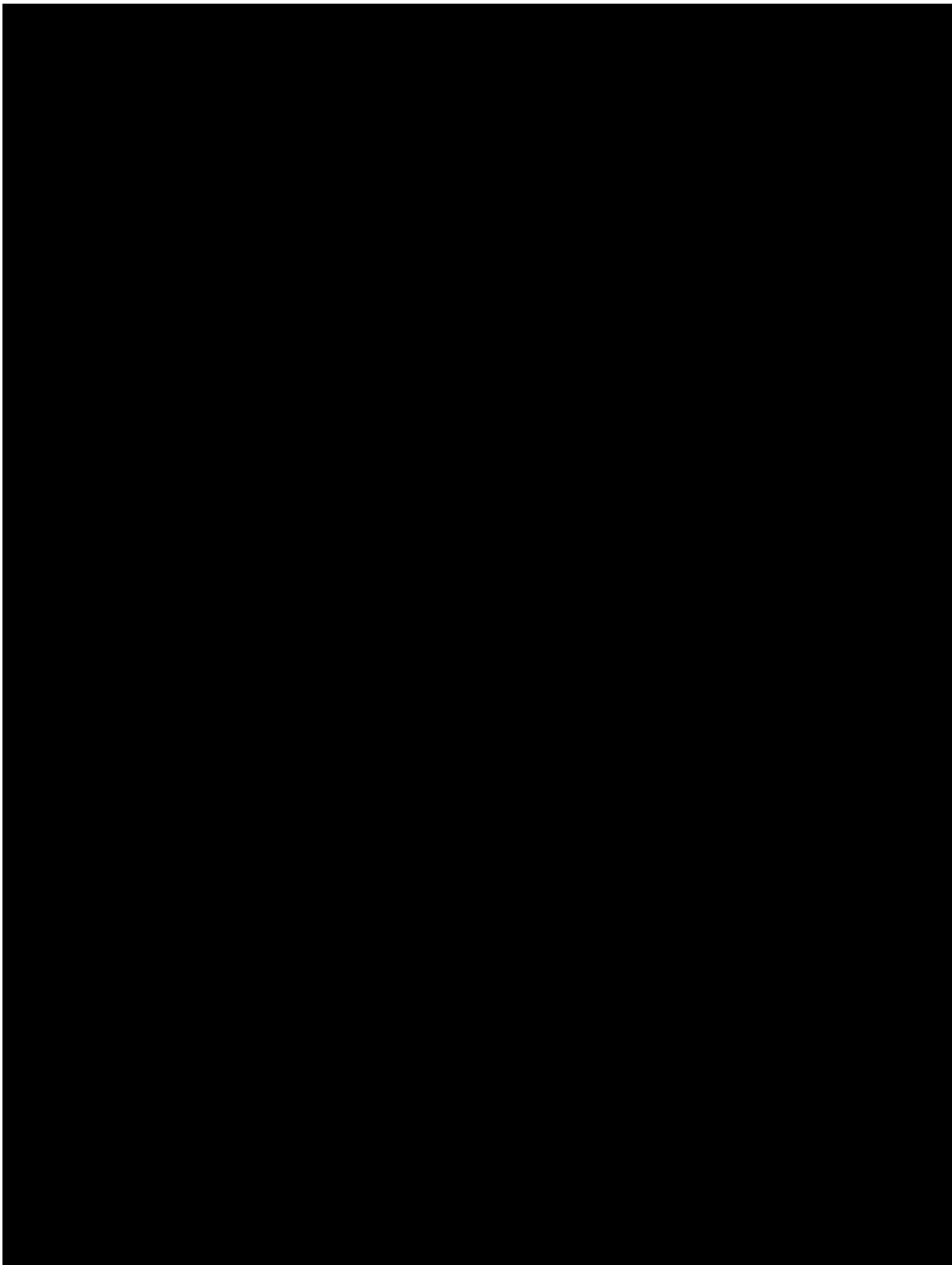
THOMAS H. BROWN

Director

Division of Protest Resolution

CERTIFIED MAIL

RETURN RECEIPT REQUESTED





The first part of the paper discusses the importance of the research and the objectives of the study. It then presents a literature review of the existing research on the topic. The methodology section describes the research design and the data collection process. The results section presents the findings of the study, and the conclusion section summarizes the main findings and provides recommendations for future research.

The study was conducted in a laboratory setting, and the data were collected using a series of experiments. The results of the experiments were analyzed using statistical methods, and the findings were compared with the results of previous studies. The study found that the research objectives were achieved, and the results were consistent with the findings of previous research.

The study has several limitations, and there are some areas for future research. The study was conducted in a laboratory setting, and the results may not be generalizable to real-world situations. Future research should focus on conducting field studies to validate the findings of the laboratory experiments.

In conclusion, the study has provided valuable insights into the research topic, and the findings are consistent with the existing literature. The study has identified several areas for future research, and the results provide a solid foundation for further exploration of the topic.





