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Governor

FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
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LORI HUDSON FLANERY
Secretary

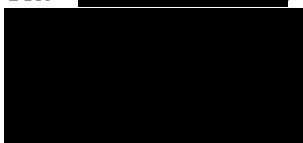
THOMAS B. MILLER
Commissioner

In the matter of:

██████████ LLC

Contact: ██████████ LLC

Attn: ██████████, Tax Director



FINAL RULING NO. 2012-38
May 31, 2012

Tangible Personal Property Tax Assessments
January 1, 2005 through January 1, 2007

FINAL RULING

The Kentucky Department of Revenue ("Department") currently has outstanding tangible personal property ad valorem tax assessments against ██████████ LLC ("██████"), for the January 1, 2005 through January 1, 2007 tax years. These assessments total \$████████ (plus applicable interest and penalties). A breakdown of the assessments is shown in the chart below:

| Tax Year | Tax Due | Interest As of 05/31/2013 | Penalty 05/31/2012 | Total Due As of 05/31/2012 |
|-----------------|------------|------------------------------|-----------------------|-------------------------------|
| January 1, 2005 | \$████████ | \$████████ | \$████████ | \$████████ |
| January 1, 2006 | \$████████ | \$████████ | \$████████ | \$████████ |
| January 1, 2007 | \$████████ | \$████████ | \$████████ | \$████████ |
| TOTALS | \$████████ | \$████████ | \$████████ | \$████████ |

██████████ protested the tangible personal property tax assessed by the Department for the January 1, 2005 through January 1, 2007 tax periods. ██████████'s protest makes three arguments. First, it states that the "audit results were based on the general ledger balances and not historical costs." Next, it states that "physical inventories of the facilities personal property assets were disregarded. Finally, ██████████ asserts that "class III assessment category [was] used, instead of class II." ██████████ has failed to respond to the Department's requests for supporting documentation that were made on ██████████, 2012; ██████████, 2012; and ██████████, 2012.

At issue is whether ██████████ has complied with the supporting statement requirement of KRS 131.110(1); which states in relevant part:

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

The Kentucky courts have held that this statutory provision imposes upon a taxpayer protesting an assessment or a refund denial a legal duty to provide the Department with "something more substantial than mere denials of tax liability." Eagle Machine Co., Inc. v. Commonwealth ex rel. Gillis, 698 S.W.2d 528, 530 (Ky. App. 1985). In order to make a valid protest, a taxpayer must "provide financial statements, records or some other documentation that would allow the Department some basis for reconsideration." Id. at 529.

The courts have held that the supporting statement requirement is "mandatory in nature" and that failure to submit documentation as it requires will result in the taxpayer's loss of the right to further review of the assessment or refund denial in question. Scotty's Construction Co. v. Revenue Cabinet, 779 S.W.2d 234 (Ky. App., 1989). In both Scotty's Construction and Eagle Machine, the taxpayers failed to provide any substantial information in support of their denials of tax liability, despite being given ample opportunity to do. The same is true here.

Therefore, the outstanding tangible personal property tax assessments totaling \$ ██████████ (plus applicable interest and penalties) are legitimate liabilities of ██████████ and are due to the Commonwealth of Kentucky.

This letter is the final ruling of the Department.

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 40601-3714, 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 3 of 802 KAR 1:010:

1. An individual may represent himself in any proceedings before the Board where his individual tax liability is at issue or he may obtain an attorney to represent him in those proceedings;
2. An individual who is not an attorney may not represent any other individual or legal entity in any proceedings before the Board;
3. Any party appealing a final ruling to the Board other than an individual, such as a corporation, limited liability company, partnership, joint venture, estate or other legal entity, shall be represented by an attorney in all proceedings before the Board, including the filing of the petition of appeal; and
4. An attorney who is not licensed to practice in Kentucky may practice before the Board only if he complies with Rule 3.030(2) of the Rules of the Kentucky Supreme Court.

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

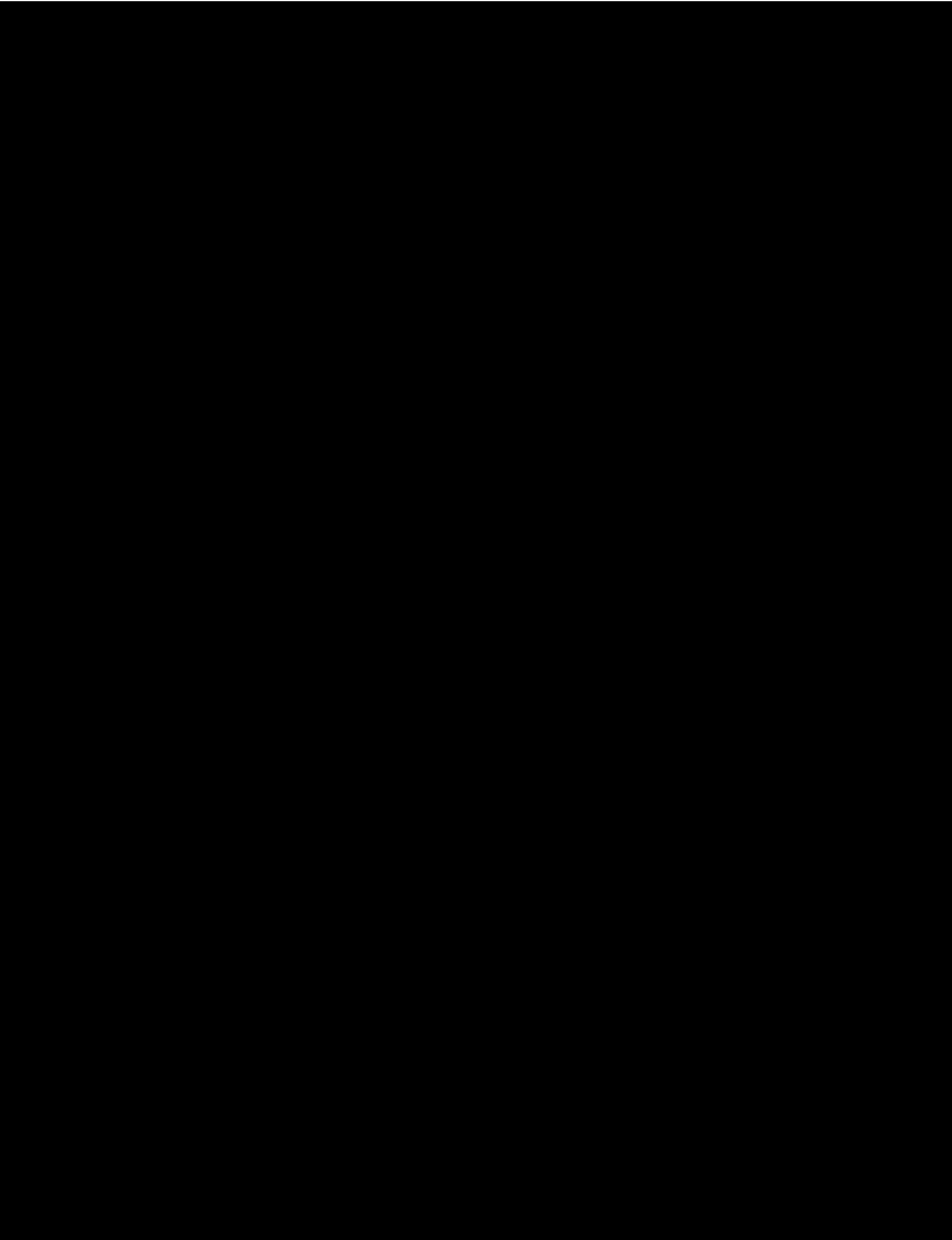
Sincerely,

FINANCE AND ADMINISTRATION CABINET


E. Jeffrey Mosley
Interim Executive Director
Office of Legal Services for Revenue

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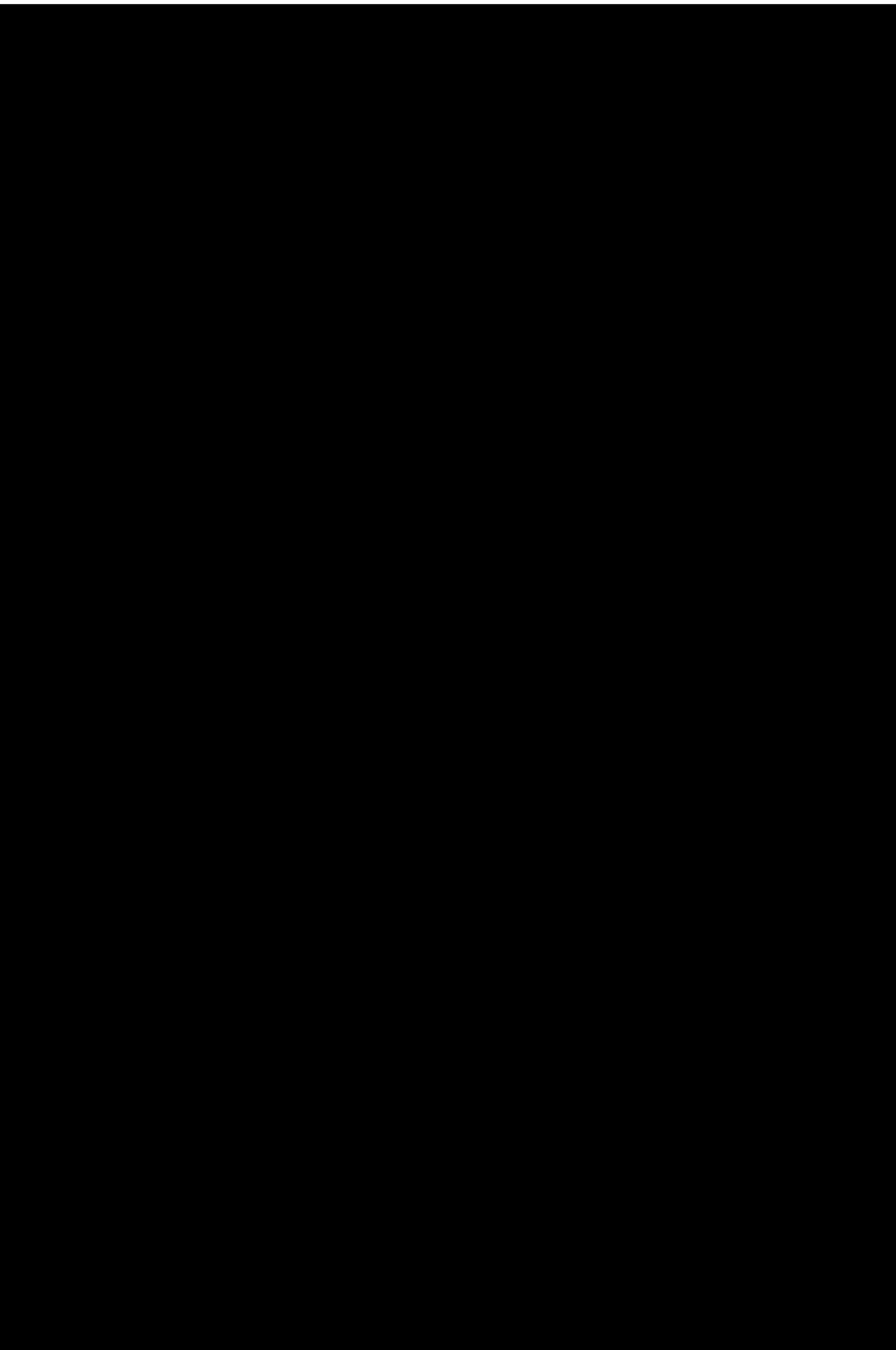
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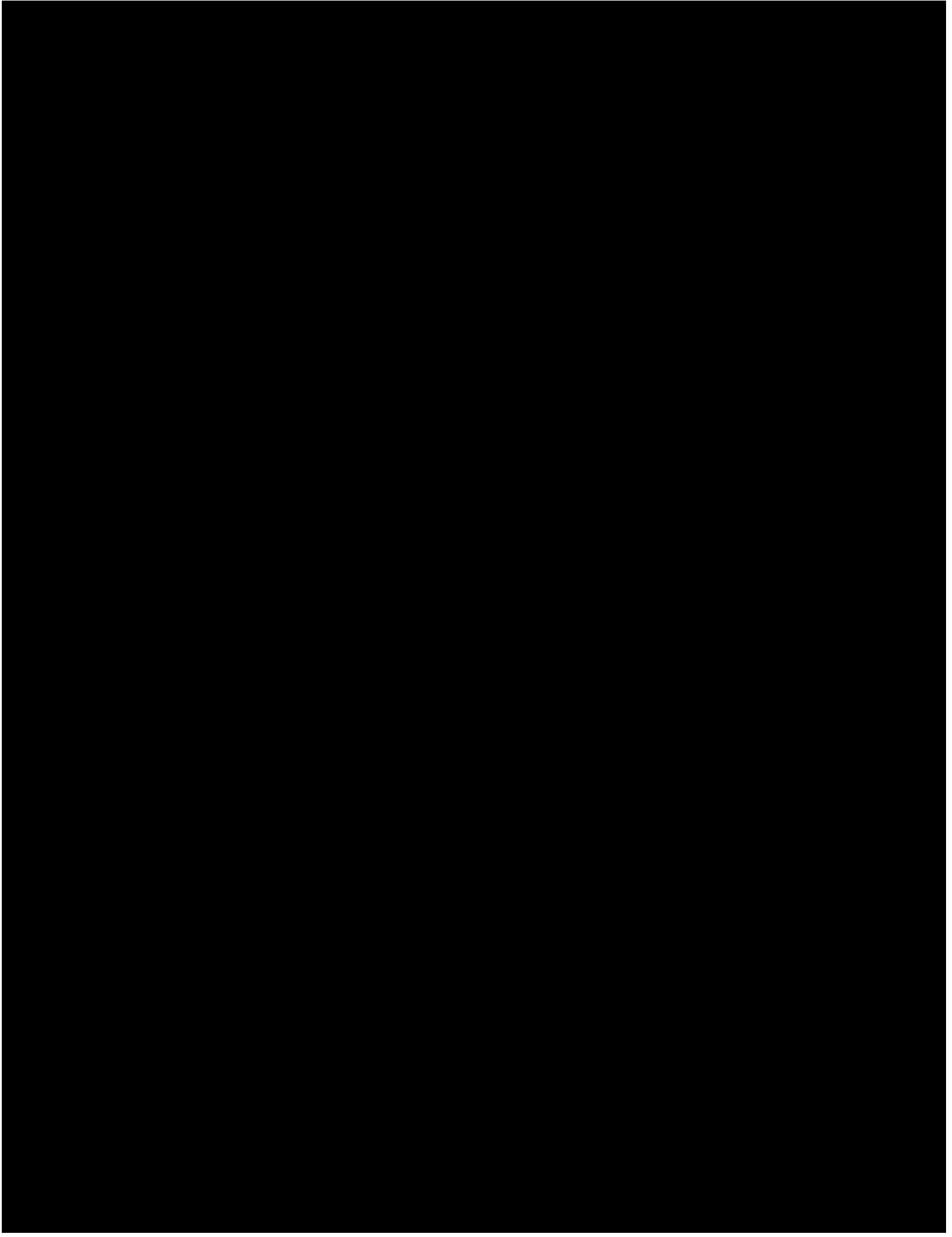
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the 1990s, the number of people in the UK who are employed in the public sector has increased by 1.5 million (from 2.5 million in 1980 to 4 million in 1995). The public sector has also become an important employer of women, with 4.5 million women employed in the public sector in 1995, compared with 3.5 million in 1980. The public sector has also become an important employer of young people, with 1.5 million young people employed in the public sector in 1995, compared with 1 million in 1980.

The public sector has also become an important employer of people with disabilities, with 1.5 million people with disabilities employed in the public sector in 1995, compared with 1 million in 1980. The public sector has also become an important employer of people from ethnic minorities, with 1.5 million people from ethnic minorities employed in the public sector in 1995, compared with 1 million in 1980.

The public sector has also become an important employer of people who are over 50 years of age, with 1.5 million people over 50 years of age employed in the public sector in 1995, compared with 1 million in 1980. The public sector has also become an important employer of people who are under 25 years of age, with 1.5 million people under 25 years of age employed in the public sector in 1995, compared with 1 million in 1980.

The public sector has also become an important employer of people who are single, with 1.5 million single people employed in the public sector in 1995, compared with 1 million in 1980. The public sector has also become an important employer of people who are married, with 1.5 million married people employed in the public sector in 1995, compared with 1 million in 1980.

The public sector has also become an important employer of people who are divorced, with 1.5 million divorced people employed in the public sector in 1995, compared with 1 million in 1980. The public sector has also become an important employer of people who are widowed, with 1.5 million widowed people employed in the public sector in 1995, compared with 1 million in 1980.

The public sector has also become an important employer of people who are cohabiting, with 1.5 million cohabiting people employed in the public sector in 1995, compared with 1 million in 1980. The public sector has also become an important employer of people who are living alone, with 1.5 million people living alone employed in the public sector in 1995, compared with 1 million in 1980.

The public sector has also become an important employer of people who are living with a partner, with 1.5 million people living with a partner employed in the public sector in 1995, compared with 1 million in 1980. The public sector has also become an important employer of people who are living with a family, with 1.5 million people living with a family employed in the public sector in 1995, compared with 1 million in 1980.

The public sector has also become an important employer of people who are living with a child, with 1.5 million people living with a child employed in the public sector in 1995, compared with 1 million in 1980. The public sector has also become an important employer of people who are living with a grandchild, with 1.5 million people living with a grandchild employed in the public sector in 1995, compared with 1 million in 1980.

The public sector has also become an important employer of people who are living with a parent, with 1.5 million people living with a parent employed in the public sector in 1995, compared with 1 million in 1980. The public sector has also become an important employer of people who are living with a sibling, with 1.5 million people living with a sibling employed in the public sector in 1995, compared with 1 million in 1980.

The public sector has also become an important employer of people who are living with a friend, with 1.5 million people living with a friend employed in the public sector in 1995, compared with 1 million in 1980. The public sector has also become an important employer of people who are living with a neighbour, with 1.5 million people living with a neighbour employed in the public sector in 1995, compared with 1 million in 1980.