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GOVERNOR

OFFICE OF THE SECRETARY
FINANCE AND ADMINISTRATION CABINET
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ROBBIE RUDOLPH
SECRETARY

In the matter of:

██████████ LLC

Contact: ██████████ LLC

██████████
██████████

██████████ LLC
██████████

FINAL RULING NO. 2006-11
March 13, 2006

Tangible Property Tax Assessment
January 1, 2002

FINAL RULING

The Kentucky Department of Revenue has an outstanding tangible personal property tax assessment against ██████████ LLC (Taxpayer) for the period of ██████████, 2002 totaling \$██████████, plus applicable interest and penalties. A breakdown of the assessment is shown in the chart below:

Tax Year	Tax Due	Interest As of 02-20-2006	Penalty As of 02-20-2006	Total Due As of 02-20-2006
2002	██████████	██████████	██████████	██████████
Totals	██████████	██████████	██████████	██████████

██████████ LLC protested the original audit results for several different reasons. There are two issues remaining. The taxpayer feels that the cost of a repair to a capitalized piece of equipment should be removed from the assessment. The taxpayer also maintains that five cement tanks should be reclassified from class V property to class IV property.

The Cabinet deems that any repair which restores the value of a capitalized item should be capitalized as well and is taxable for property tax.

Cement tankers customarily have an extended useful life. The wear and tear an asset received during use is not the underlying factor in determining the classification. It is the practice of the Cabinet to list tanks and tankers as class V property.

The taxpayer and the taxpayer's representative were sent a letter dated ██████████, 2005 which stated the Cabinet's position relative to the issues detailed above. In the correspondence the taxpayer was given until ██████████, 2005 to request a formal conference, submit payment for the outstanding assessment or a final ruling would be issued. To date, the taxpayer has not requested a formal conference nor paid the outstanding assessment.

Therefore, the outstanding tangible property tax assessment totaling \$ ██████████ (plus applicable interest and penalties) is deemed a legitimate liability of ██████████ LLC due the Commonwealth of Kentucky.

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

██████████ LLC

March 13, 2006 – Final Ruling No. 2006-11

Page 3

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.

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

Sincerely,

FINANCE AND ADMINISTRATION CABINET



THOMAS H. BROWN

Director

Division of Protest Resolution

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

