COMMISSIONERS' MINUTES – DAVIS COUNTY

WORK SESSION MEETING MINUTES
Tuesday, August 6, 2024

The Board of Davis County Commissioners met for a Work Session at 2:00 PM on Tuesday, August 6, 2024, in room 306 of the Davis County Administration Building, 61 South Main Street, Farmington, Utah. Required legal notice of this meeting was given.

All documents from this meeting are on file in the Davis County Clerk's Office. The agenda for this meeting is incorporated into the minutes as item headers.

DISCLAIMER
The meeting was an open dialogue. Critical points in the discussion have only been briefly summarized. The reader may refer to the audio recording and the publicly distributed materials for further clarification of the content. Timestamps have been noted in the minutes to aid in locating points of discussion in the audio record. The audio recording for this meeting is available based upon the County's current retention schedule.

ROLL CALL
Chair Bob J Stevenson
Vice Chair Randy B. Elliott
Commissioner Lorene Miner Kamalu
Chief Deputy Clerk Rebecca Abbott
County Auditor Curtis Koch (Left at 3:25 PM)
County Assessor Andy Hansen
Human Resources and Risk Director Chris Bone
Senior Civil Counsel Attorney Mike Kendall
Civil Attorney Robert Tripp
Deputy Clerk Aaron Moyes
Personal Property Team Lead Shanae Coe (Left at 3:46)
Tax Administration Manager Sulika Laulu
Commission Office Cynda Melville
Utah Attorney General's Office Michelle Lombardi
Utah State Tax Commission Gina Holder
Utah State Tax Commission Jen Tingey
Attorney for Structural Steel & Fabrication Donald Reay
Principal of Structural Steel & Fabrication Brian Dean
Certified Public Accountant (CPA) for Structural Steel & Fabrication Ryan Reese

OPENING
The meeting convened at 2:01 PM.

AGENDA ITEMS
1. #634/2024**. Special Meeting of the Davis County Legislative Body regarding a Claim Asserted by Structural Steel & Fabrication Pursuant to Utah State Code 59-2-1321** — *presented by Commissioner Elliott*

[Minute 1:17] Commissioner Stevenson clarified the meeting's goal, focusing on specific tax-related disputes and decisions concerning Structural Steel & Fabrication. Senior Civil Counsel Attorney Mike Kendall detailed the hearing protocol, ensuring all parties had fair time allocations for presentations and responses. This claim was made under Utah State Code 59-2-1321, Mike Kendall emphasized that the claimant must prove any erroneous or illegal assessments based on County records. The Utah Supreme Court requires that errors or illegalities must stem from the County records.

[Minute 3:37] The taxpayer's representatives, Ryan Reese and Donald Reay, outlined their disagreements with certain tax assessments, stating that approximately 20% is disputed due to perceived misclassifications and administrative errors. They recounted past interactions with the Assessor's Office and the State Auditor's Office, pointing out communication gaps and procedural misunderstandings leading to the current dispute. Specific issues included computer software, a sliding gate, yard improvements, equipment improvements, and work in progress (WIP).

County Auditor Koch clarified that references to the "Auditor" in this context pertain to the State Auditors, while the County Auditor's Office oversees Tax Administration, and this Audit Report is from the State.

[Minute 18:21] Civil Attorney Robert Tripp explained the process, stating that personal property is self-reported by the taxpayer, who submits their asset list to the County. If the County agrees, they issue a bill; if not, the taxpayer can work with the County Assessor to amend or revalue items, though no valuation appeal was filed in this case. The Assessor's Office contracts with the State Tax Commission to audit businesses within the County.

This audit was conducted by the State, and the taxpayer had a dispute or appeal window through the State, which they missed. Once the State completes the audit, it sends the finalized document to the County, which then issues a new bill to the taxpayer. Commissioner Kamalu inquired about the audit timeframe, and Gina Holder responded that it covered two years.

[Minute 23:32] Gina Holder from the Utah State Tax Commission summarized the property tax valuation process and timeline. The Tax Commission aims to educate the taxpayer and answer questions during an audit. A random audit list from the County is assigned to auditors, who send an audit intent letter to the taxpayer three weeks before the audit, along with Publication 19, which details the audit and appeal information. After a physical walkthrough and financial data collection, the reconciliation process compares the taxpayer's information with the Tax Commission's data. A preliminary audit is then sent to the taxpayer for review, accompanied by Document TC-140, which acknowledges the audit and explains the appeal process. The taxpayer has 21 days to review the preliminary audit before it is sent to the County. After the County processes it, they issue a bill, and the taxpayer has 60 days to appeal. Commissioner Stevenson asked about specific dates for the Structural Steel & Fabrication audit, and Gina Holder provided the timeline from the audit intent letter sent on April 11, 2022, to the bill issued on December 15, 2022.

[Minute 28:30] Commissioner Stevenson asked the Structural Steel & Fabrication team if they agreed with the provided dates. Ryan Reese stated they were not contesting communication details but mentioned an email he sent to Sean, the Tax Commission Auditor, on October 19, 2022, requesting clarification on certain audit items. Sean responded on October 20, 2022, stating they would review the concerns and inform the County about possible revisions. Ryan Reese claimed they did not receive the December 2022 bill, only the June 2023 bill for an outstanding amount.

[Minute 31:15] Mike Kendall reminded the Commission that the facts presented did not pertain to the Utah Code 59-2-1321 claim but were relevant to a timely filing appeal. He emphasized that the audit's accuracy and identification of errors were crucial. Commissioner Stevenson expressed a desire to understand the entire case's context.

[Minute 37:47] Commissioner Stevenson asked about the process for removing disputed items from the audit. Personal Property Team Lead Shanae Coe presented the December 15, 2022 audit to the Commission. An Assessor's Office log noted a December 27, 2022 call from Structural Steel & Fabrication about reaching out regarding issues. No further communication occurred until June 2023, when the bill was sent. Only the WIP was removed from the 2023 personal property filing, with all other items still listed for 2024.

[Minute 38:50] Robert Tripp reiterated that the burden of proof lies with the taxpayer, who must properly appeal within the 60-day window to the Tax Commission. He also suggested that Utah Code 59-2-1321 might not be the appropriate mechanism for relief, recommending other provisions like Utah Code 59-2-1327, 59-2-1004, and 59-2-1005.

[Minute 42:16] Mike Kendall explained three available avenues for the taxpayer: the common appeal process under Utah Code 59-2-1005, Utah Code 59-2-1327, and Utah Code 59-2-1321. He noted that Utah Code 59-2-1321 requires clear, easily identifiable errors on the audit document. At this point, the audit had not been presented by the taxpayers to the Commission.

[Minute 49:35] Commissioner Stevenson asked Ryan Reese why they hadn't followed up after a communication lapse and inquired about the remaining line items post-audit. Ryan Reese attributed part of the delay to Sean's reassurances and compared the lengthy audit process to dealing with the IRS, which can take years. Ryan Reese admitted he hadn't filed the 2023 taxes and was unsure why items weren't removed.

[Minute 51:28] Donald Reay reiterated the event timeline, confirming they received the June 2023 bill and the line item details in September 2023, by which time the appeal deadlines had passed. County Assessor Hansen and Gina Holder responded, clarifying auditing and assessment processes and addressing the taxpayer's concerns about errors and miscommunications.

[Minute 1:10:41] Ryan Reese asked Mike Kendall if the focus should solely be on the audit's erroneous or duplicative items. Mike Kendall affirmed that clear, identifiable errors from the County Records could lead to providing relief under Utah Code 59-2-1321. Donald Reay inquired about addressing the line items, and County Assessor Hansen agreed that was this meeting's focus.

[Minute 1:12:07] The meeting then centered on detailed discussions about specific contested audit items. Each item's classification as real or personal property was debated, with officials justifying assessments based on statutory definitions and accounting practices, while the taxpayer and his representatives challenged these classifications, focusing on the WIP.

[Minute 1:19:00] The taxpayer reiterated their challenges to specific assessments and procedural issues, seeking further clarification on decision-making processes and expressing dissatisfaction with responses. Mike Kendall noted the audit had not yet been provided by the taxpayer. The Structural Steel & Fabrication representatives claimed they hadn't seen the audit, which was presented to the Commission by Shanae Coe.

[Minute 1:24:38] The meeting took a break from 3:25 PM to 3:38 PM.

[Minute 1:25:00] Upon resuming, Commissioner Stevenson emphasized the need for evidence rather than hearsay in challenging line items. The audit was reviewed by the Commission, and Ryan Reese confirmed it matched his list of items, though he hadn't brought backup documentation.

[Minute 1:29:35] Commissioner Stevenson suggested more time was needed to consider the issue, recommending a written response from the Commission to the taxpayer, be delivered in an open meeting. Mike Kendall advised that any decision be documented in writing. The taxpayer has until August 20, 2024, to provide additional information. Gina Holder expressed concern about the Commission's authority to override the State audit.

Motion to take the item under advisement while more information can be gathered, then a written decision will be sent to the taxpayer. Bob J Stevenson. **Second**: Randy B. Elliott. All present voted aye.

MEETING ADJOURNED

The meeting was adjourned at 3:50 PM.

ATTACHMENTS

All publicly distributed materials associated with this meeting are noted as the following attachments:

A. Special Meeting Notice

Minutes Prepared by:

Aaron Moyes
Deputy Clerk

Brian McKenzie
Davis County Clerk

Minutes Approved on:

08/20/2024

Bob J Stevenson
Commission Chair

STATE OF UTAH DAVIS COUNTY

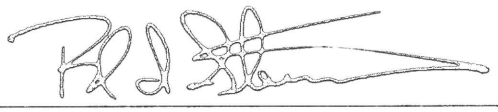
An Order Calling a Special Meeting of the Board of Davis County Commissioners

In accordance with Utah Code 17-53-205, it has been determined that the business of the county requires a special meeting of the Board of Davis County Commissioners.

This meeting will be held on August 6, 2024 at the Davis County Administration Building, 61 South Main Street, Farmington, Room 306 at 2:00 PM.

The business to be transacted at this meeting includes: Special Meeting of the Davis County Legislative Body regarding Claim Asserted by Structural Steel & Fabrication Pursuant to Section 59-2-1321.

Ordered this 25th day of July, 2024



Bob J Stevenson, Chair