

Posted
This 15 day of July 2016
at 9:18 am

ARB MEETING

AGENDA

Meeting to be held in the Deaf Smith County Appraisal District Board Room located at 140 E. 3rd Street, Hereford, Texas, July 19, 2016 at 9:30 A.M.

- I. Roll Call
- II. Review and approve minutes from June 1, 2016 meeting.
- III. Administer Affidavit of Sworn Testimony to Danny Jones, Chief Appraiser and Mark Powers, Assistant Appraiser.
- IV. Administer Exparte Affidavit to board members.
- V. Approve Supplemental Records.
- VI. Hear Protests.
- VII. Approve 2016 Appraisal Records.

DATED THIS 15th DAY OF JULY 2016

Minutes for July 19, 2016 Meeting

- I. Meeting began at 9:30 a.m.
 - A. ARB Members present:
 1. Greg Chavez
 2. Aaron Hutto
 3. Robert Murray
 - B. Deaf Smith Co. Appraisal District members present:
 1. Danny Jones
 2. Mark Powers
 3. Patty Scott

- II. Minutes from the June 1, 2016 meeting were reviewed and approved.
 - A. Motion to approve minutes by Aaron Hutto.
 - B. 2nd by Greg Chavez.
 - C. Unanimously approved.

- III. Affidavit of Sworn Testimony to Danny Jones, Chief Appraiser and Mark Powers, Assistant Appraiser was administered by ARB President Robert Murray.

- IV. The Exparte Affidavit was administered by Lydia Vallejo to all Board Members.

- V. Supplement Records were approved.
 - A. Motion to approve supplement records by Greg Chavez.
 - B. 2nd by Aaron Hutto.
 - C. Unanimously approved.

- VI. Protest Hearings:

10:00 A.M., Redbox, Personal Property, PID 919372.

The reason stated on the Notice of Protest Hearing was: (a) value is over market value, (b) value is unequal compared with other properties and (c) value contains exempt intangible assets.

A copy of Redbox's Affidavit was presented to each board member. The affidavit stated in part "Redbox DVDs and gaming software should be considered exempt from personal property assessment and tax due to their intangible content; the value of the physical disks on which the intangible content is stored is immaterial. The same content can be downloaded or rented and streamed from various online media retailers for a comparable price, with no tangible component whatsoever, which indicates that there is no material

July 19, 2016 Meeting - Continued

value in the physical medium on which Redbox's content resides." Citing a 1996 Texas Court of Appeals decision in Dallas Central Appraisal District v. Tech Data Corp, the court ruled that software was intangible property and therefore not subject to ad valorem taxation. The essence of transaction test used in this suit focused on the physical storage medium and the information on the medium. The court decided that the information on the disks is what the consumer purchased, not the physical disk. The tests used in Dallas Central Appraisal District v. Tech Data Corp case and tests used by other jurisdictions further demonstrates that our DVDs and Gaming software should be classified as intangible personal property and should be exempt from personal property taxation.

Mark Powers presented an outline of the Appraisal District's view of the case presented by Redbox to each board member. Redbox rents video games and movies. Redbox had rendered their values and then came back and wanted part of their inventory exempted due to being intangible in nature and quoting the above 1996 law. In the past the appraisal districts taxed the computers and taxed the software. This has now changed and we no longer tax the software on a computer because it is intangible. Redbox is now saying the information that is on their CD is intangible and coded in the software and should therefore be exempt. They have filed over 200 protests in the state of Texas. Some Appraisal Districts have decided to give exempt status, some have decided to tax. You can understand a little bit, for example you can download the same movie from Apple TV that Redbox has to your computer and some like Apple do not have to pay property tax on it and Redbox does. So you can see the angle that they are coming from. They are just looking for some way to get their property taxes down.

ARB discussion: There is a difference in electronically downloading and bring home a physical product that can be touched, felt, seen, can be taken to another location and used, etc. It is a product. Aaron Hutto moved that the taxes be kept at the current level. Robert Murray 2nd the motion. It was unanimously agreed.

ARB decision: No change in value. Taxes remain the same.

Deaf Smith County Appraisal District

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July 19, 2016 Meeting - Continued

10:20 A.M., Zhang Neng Wu, Case ID 2016-2, PID 3947, Womble Block 9 Higgins Lot 2 (W69.4') PT of Lot 3, W60' of Lots 4-7 & E17.4' of 8.

Mr. Neng Wu Zhang's signed notice of protest stated "we believe our land market value isn't worth as much as it's appraised for."

Mr. Zhang did not call or show up for the hearing.

ARB decision: Failure to appear or have representation, case dismissed.

10:40 A.M., Wayne Dollar, PID 6103, K-3 Section 63, 4.27 AC E252.45' W4019.21' N736.45' S2638.89', TR 17, S-359

Mr. Dollar was protesting the value of his property.

Mr. Dollar did not call or show up for the hearing.

ARB decision: Failure to appear or have representation, case dismissed.

- VII. The 2016 Appraisal Records were approved by the board.
- A. Motion to approve supplement records by Aaron Hutto.
 - B. 2nd by Greg Chavez
 - C. Unanimously approved.

Meeting was adjourned at 11:00 A.M.

Approved _____ Date _____

Robert Murray

Chairperson: Robert Murray