



June 14, 2018

Lawrence E. Chehardy, Chairman
c/o Tanasha Malveaux, CLAA
Administrative Coordinator
Louisiana Tax Commission
P.O. Box 66788
Baton Rouge, LA 70896

In Re: *Proposal to Amend Regulation § 2503 by Louis Fitzmorris
St. Tammany Parish Assessor*

Dear Mr. Chehardy:

As you may be aware, presently there is litigation filed by taxpayer Aaron's, Inc. against every taxing district in which this taxpayer conducts business in Louisiana. In its petition to the several District Courts of this State, Aaron's claims all business personal property it owns and which is out on lease and in a customer's home is exempt from ad valorem taxation under the Louisiana Constitution. I am told there are some fifty separate lawsuits currently pending against assessors and tax collectors here in Louisiana.

As a potential compromise, I would propose to include a reasonable and specific useful life for business personal property that is out on lease, or what is commonly referred to as "rent-

to-own” property. As you likely know, merchandise inventory is not subject to depreciation; however, rent-to-own property, once leased and used in the home could be properly depreciated. According to Aaron’s, Inc.’s own public financial statements, the average leased term for rent-to own property is 12 to 24 months.¹ Similarly, under the Internal Revenue Manual issued by IRS, the useful life for computer equipment and comparable electronics are two (2) years.²

Therefore, I would propose the Louisiana Tax Commission amend and expand its Tables found in Regulation Section 2503 to include the following additional personal property assets:

<u>Business Activity/Type of Equipment</u>	<u>Average Economic Life in Years</u>
Rent-to-Own home appliances, furniture, computers, cellphones and electronics	Based on lease term
Rent-to-Own home appliances and furniture (without a term)	4
Rent-to-Own home computers, cellphones and other electronics (without a term)	2

I believe my office has accurately assessed Aaron’s business personal property including its rent-to-own property and I do not agree such property is exempt under the Louisiana Constitution. However, I also believe this proposal could result in a fair and reasonable resolution, without the requirement of costly litigation, since it would cause the rent-to-own property to be more accurately assessed statewide.

I trust you and the other Commission members will give this proposal fair consideration and study this request to expand the Tables found in Regulation 2503 to specifically define the useful life of rent-to-own business personal property.

Sincerely,
Louis Fitzmorris
Assessor, St. Tammany Parish

¹ From page 46 of the Aaron’s annual 10k statement.

² IRM 1.35.6.10