

STATE OF COLORADO

DEPARTMENT OF REVENUE

State Capitol Annex
1375 Sherman Street
Denver, CO 80261



November 23, 2007
SSN [REDACTED]

ETHEL P HIXSON
7943 RD DD
LAMAR CO 81052

Tax year 2003	
Credit disallowed	\$253,130
Tax decrease	\$ 215
Utilized credit decrease	\$ 3,894

Your Colorado income tax return has been adjusted because the gross conservation easement credit listed above has been adjusted/disallowed for the following reasons:

Under authorization of Federal Law Section 6103(d) of the Internal Revenue Code, the Colorado Department of Revenue has obtained information from the Internal Revenue Service that adjustments were made on your Federal Income Tax Return. **FALSE!**

The appraisal did not meet the federal requirements as defined in 26 CFR 1.170A per section 39-22-522(3), C.R.S.

The donation did not meet the requirements of a qualified conservation contribution pursuant to section 170(h) of the Internal Revenue Code per section 39-22-522(2), C.R.S.

The appraisal of the conservation easement donation overstated the fair market value of the donation.

If you wish to protest this determination or any part thereof, it will be necessary for you to present, in writing, your facts, the law, and argument in duplicate, which must be filed pursuant to the remedy provided by Title 39, Article 21, Colorado Revised Statutes, as amended, within thirty (30) days from the date of this letter. Any request for hearing must be made pursuant to Regulation 39-21-103. As TMR you must also include information on any transferee on whose behalf you are filing the request for hearing and copies of any notices the transferees have received regarding the adjustment of the credit.

In lieu of the request for a hearing, you may file a written brief and other written materials or documents as you deem appropriate and request that the Executive Director reconsider the adjustments in the same manner as if the written material submitted had been presented at a hearing. The brief and written material must be submitted within thirty(30) days of the date of this letter.

A bill for the balance of tax due plus penalty and interest will be mailed under separate cover. Please return your bill with the payment to insure proper credit to your account.

R GARDINI
POLICY GROUP ROOM 203
(303) 866-3900 0000

FALSE!
IRS
accepted
APRIL 2010

PROTEST
filed
12-18-2007

HIXSONS vs GARDINI et al
Exhibit: M-EPH

Internal Revenue Service

Appeals Office
1244 Speer Blvd.
Suite 400
Denver, CO 80204

Date: **APR 20 2010**

ETHEL P HIXSON
7943 ROAD DD
LAMAR CO 81052

Department of the Treasury

Person to Contact:

Tom Radow
Employee ID Number: 0232791
Tel: 720-956-4502
Fax: 720-956-4567

Refer Reply to:

AP:FW:DEN:TAR

In Re:

Income Tax Liability

SSN/EIN Number:
~~XXXXXXXXXX~~

Tax Period(s) Ended:

12/2003

Dear Ms. Hixson:

The agreement we reached has been approved and we will complete our processing of your case.

Since there is **no deficiency or overassessment**, you do not need to take any further action.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely,



John A Salazar
Appeals Team Manager

cc: Fred Kelly Grant

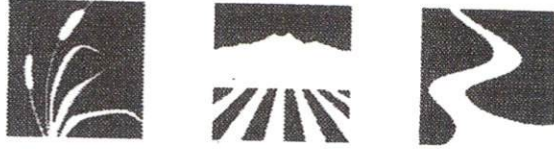
CRS ... 39-22-522. Credit against tax - conservation easements.

(Identifies IRS as the only standard)

The credit shall only be allowed for a donation that is eligible to qualify as a **qualified conservation contribution pursuant to section 170 (h) of the internal revenue code**, as amended, and any federal regulations promulgated in connection with such section.

Toni Truong

Colorado Department of Revenue: "We don't follow those rules" 08/02/2018



CONSERVATION VALUES

Credible Solutions to Complex Appraisal Problems

December 15, 2011

Ms. Natalie Barajas
Tax Conferee I
Department of Revenue
1375 Sherman Street, Room 234
Denver, Colorado 80203

RE: Retrospective appraisal of a conservation easement in Prowers County, Colorado donated by Ethel Pearl Eddleman Hixson on December 15, 2003.

Dear Ms. Barajas:

In accordance with Department of Revenue Contract Number TAA11/22644 and at your request in the letter October 19, 2010 (attached as *Addendum A*), I have conducted the research and analysis requisite to estimate the *fair market value* (as defined on page 3) of the conservation easement located in the Southeast Quarter of Section 19, Township 23 South, Range 46 West in the County of Prowers, State of Colorado 81052 (as described on page 22) donated by Ethel Pearl Eddleman Hixson as of December 15, 2003.

This *summary* appraisal report conforms to the *Uniform Standards of Professional Appraisal Practice of the Appraisal Institute*, as well as Treasury Regulations, Subchapter A, Sec. 1.170A-13, and the Pension Protection Act of 2006. The following report summarizes the methodology employed, the pertinent data considered, and the conclusions reached. These conclusions are subject to the *General Conditions* and *Limiting Conditions* as defined on pages 9 and 10 of this report.

This appraisal was prepared for the use of the Department of Revenue to establish *fair market value* of the donated conservation easement for income tax purposes. Any other use of the appraisal is unauthorized and expressly prohibited.

1555 Main Street, Suite A3-200 Windsor, Colorado 80550
Office:970.674.9220 E-mail:steve@valuetheland.com iPhone:970.443.7707

DORCE0297976

Ms. Natalie Barajas
Department of Revenue
December 15, 2011
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The *before* value in the following analysis is predicated upon the *hypothetical condition* that the entire contiguous parcel described herein is not encumbered by a conservation easement, when in fact a deed of conservation easement was recorded on December 15, 2003. The acceptance of such a hypothetical condition is necessary and proper for the following analysis, which seeks to estimate fair market value *before* and *after* the recording of such easements.

Since the condition, utility, and value of the improvements remain unchanged between the *before* and *after* condition, the valuation of such improvements is not required. Therefore, the following analysis is also predicated upon the hypothetical condition that no significant structures exist on the property, and the appraisal is conducted on the basis that the subject is vacant land with agricultural improvements only.

My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. I, Steven C. Groh, MAI, inspected the subject on several occasions between May and September 2011.

Considering the analysis presented in the attached appraisal report, the most supportable *fair market value* (as defined on page 8 of the following report) of the conservation easement (as described on page 199) located in the Prowers County, Colorado as of December 15, 2003 is:

CONSERVATION EASEMENT VALUE INDICATION:

ZERO DOLLARS
(\$0)

Respectfully yours,



Steven C. Groh, MAI, President
InterWest Appraisal, Ltd. dba Conservation Values
Certified Appraiser #CG01317274 - State of Colorado
Tax I.D. No. 84-1259757

DORCE0297978