

Approved March 15, 1988
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m./~~p.m.~~ on March 14, 19 88 in room 519-S of the Capitol.

All members were present except:

Senator Bill Mulich

Committee staff present:

Tom Severn, Research
Chris Courtwright, Research
Don Hayward, Revisor's Office
Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

George Donatello, Director of Reappraisal
Bev Bradley, Ks. Assoc. of Counties
Jim Davidson, BOTA
Pat McDonald, Shawnee County Clerk

HOUSE BILL 2702

Chairman Kerr called the meeting to order and announced that the agenda for the day was a hearing on H.B. 2702.

George Donatello, Director of Reappraisal testified in support of H.B. 2702. (Att. 1) He stated that H.B. 2702 primarily concerns the county hearings and appeals process after reappraisal. He stated that some counties would likely need the hearing panel procedure in order to effectively handle the increased number of appeals likely to occur when the new appraisal values are implemented.

He stated that the proposal was prepared by a sub-committee of the Reappraisal Advisory Committee who sought to provide some procedures that could be implemented by any Kansas counties regardless of their size or number of appeals. He said that the major difference between current law and the proposed legislation involves the counties capability to appoint hearing officers or panels to hear appeals. This could take a heavy workload off county boards of equalization. He said that another change is requirement of data verification mailer prior to January 1, 1989. In addition, the legislation specifies that if a change of value ordered by a hearing officer/panel or county board of equalization is deemed without justification by the PVD Director, the Director may order reinstatement of the appraiser's valuation, and the burden of appeal is on the aggrieved party. He stated that the bill also requires that a complete explanation of the appeals procedure be contained in the change of notice. In response to a question, Mr. Donatello stated that unless the County Commissioners chose to be involved, the proposed process could bypass the county commissioners.

Bev Bradley testified. (Att. 2) She stated that state and local government is working hard to accomplish the reappraisal. Some county governing boards will choose to appoint hearing panels if this bill passes. She felt the procedure should be available to those counties that need it. She said the Assoc. of Counties supported legislation to allow Boards of Commissioners to appoint advisory hearing panels to assist in the appeals process after reappraisal.

Jim Davidson testified. (Att. 3) He stated that the Board of Tax Appeals has a problem with the 15 day time period limit in which the taxpayers would be allowed to appeal. He stated that he felt this is not enough time. He said he feels the average taxpayers will not really object until tax notices are sent and that the bill does not allow for grievance procedures at that time. He also stated that the two added levels of appeal might not greatly affect large businesses, but would greatly affect the small taxpayer, namely the homeowner. It would not be worth the time and expense for many homeowners to

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION,

room 519-S, Statehouse, at 11:00 a.m./p~~xx~~ on March 14, 19 88

go through the channels for an appeal. Mr. Davidson stated that the BOTA did like the concept of mandatory training for the hearing panels. They need to at least have minimal qualifications to know what they are doing.

Pat McDohnald testified. (Att. 4) She stated that as Shawnee County Clerk, she supported H.B. 2702. She stated that she expected the appeals process to be lengthy, and if only 5% appealed in Shawnee County, it would be over 3,350 cases. She stated that H.B. 2702 permitted each county to decide if they wanted a hearing officer, hearing panel, or several hearing panels, or go directly from the informal to the formal Board of Equalization process. She stated that they also approved of the combining of the time frame for personal and real property, as opposed to different dates for personal and real property. She felt that H.B. 2702 had some minor problems, but was a step in the right direction.

Sen. Montgomery made a motion to adopt the minutes of the March 4 meeting. Sen. Thiessen seconded. Motion carried.

Meeting adjourned.

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE NAME ADDRESS REPRESENTING

5/14/88

KEITH FARRAR

Topeka

BCTA

John Blythe

Manhattan

KFB

Gary Smith

Topeka

Shawnee

John Kerpke

Topeka

KASB

Joe D. Morris

Topeka

KCSI

LAREN MCCLAIN

Topeka

KAR

M. Mailin

Wichita

Sidley Co.



KANSAS DEPARTMENT OF REVENUE
Division of Property Valuation
State Office Building • Topeka, Kansas 66612-1585

SENATE ASSESSMENT & TAXATION COMMITTEE
March 14, 1988

George A. Donatello
Reappraisal Coordinator

Mr. Chairman and Members of the Committee:

I appear today in support of House Bill 2702, which primarily concerns the county hearings and appeals process after reappraisal. The division has been intimately involved in the development and subsequent revisions of this legislation. Its conception occurred after numerous requests for procedural changes by county officials who recognized that the old system would be overwhelmed by the number of appeals anticipated after reappraisal. Statewide, we estimate that about 10%, or up to 140,000 properties, will be appealed informally to county appraiser; 5% or 70,000 to hearing officers or panels; and 2% or 28,000 to county boards of equalization. The system as it now stands will not provide all property owners wishing to appeal with an efficient, effective method for doing so nor will it provide for an efficient, effective method of handling appeals for the counties.

The actual proposal was prepared by a subcommittee of the Reappraisal Advisory Committee (RAC), which was chaired by Ellis County Commissioner Harold Kraus. This group of county commissioners, appraisers, clerks, and a representative of the Kansas Association of Counties worked with Property Valuation Division staff to conduct research and gather information to determine the most equitable and effective procedures for handling appeals in Kansas. This involved surveying appeal procedures in other states, reviewing current statutes, and holding open meetings to solicit the input of other county officials.

The subcommittee sought to provide procedures that could be implemented by all Kansas counties regardless of their size or number of appeals. One of the goals was to revise as few statutes as possible. The current statutes were reviewed carefully, and after a considerable number of meetings and much discussion, amendments to some of the existing statutes, a flow chart, and a timeline were recommended to the RAC in January. The RAC endorsed the proposal, it was submitted to the House Taxation Committee, approved by the committee and the entire House, and is now presented to you.

The major difference between the current system and the proposed legislation revolves around the counties' capability to appoint hearing officers or panels to hear a

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Att. 1

great deal of the workload off of county boards of equalization, many of whom work only part time. This is, of course, strictly an optional decision; if the board of equalization desires to hear each case, they may choose not to appoint these assistants.

Another change requires the use of a data verification mailer prior to January 1, 1989. Hopefully, giving property owners the opportunity to verify some of their property characteristic data beforehand will help reduce the number of informal appeals.

In addition, the legislation specifies that if a change of value ordered by a hearing officer/panel or county board of equalization is deemed without justification by the Property Valuation Director, the Director may order reinstatement of the appraiser's valuation, and the burden of appeal is on any party aggrieved by such order. Presently, the Director must appeal to the State Board of Tax Appeals if the change is deemed without appropriate justification.

The legislation would also require that a complete explanation of the appeals procedure be contained in the change of value notice; that each step of that process be followed; sets up a timetable for filing and holding appeals; and clarifies the appeal duties to be performed by various county officials.

These proposed changes to the present system will act to facilitate the appeals process and benefit all parties involved, at both the local and state levels. A workable operating system for county governments will be established; property owners will be presented with a fair and efficient method of appeal; and everyone will have the assurance that the property tax base in each county is being maintained at fair market value.

We appreciate your consideration and support of this legislation. I would be pleased to address any questions the committee may have.

KANSAS REAPPRAISAL
STATE APPEAL ESTIMATES*

	<u>%</u>	<u>PARCELS</u>
INFORMAL TO COUNTY APPRAISER	8 - 10	112,000 - 140,000
HEARING OFFICER/PANEL	4 - 5	56,000 - 70,000
COUNTY BOARD OF EQUALIZATION	1 - 2	14,000 - 28,000
STATE BOARD OF TAX APPEALS	.3 - .5	4,200 - 7,000

* ESTIMATES ARE BASED UPON THE MISSOURI REAPPRAISAL AND A FINAL TOTAL STATEWIDE PARCEL COUNT OF 1.4 MILLION PARCELS.

KANSAS REAPPRAISAL
APPEAL/HEARING ESTIMATES FOR A
10,000 PARCEL JURISDICTION

		<u>%</u>	<u>NUMBER</u>	<u>TIME*</u>	<u>M/DAYS*</u>
INFORMAL	RESIDENTIAL	3	300	20 M	13
	AGRICULTURAL	3	300	30 M	19
	C/I	<u>4</u>	<u>400</u>	30 M	<u>25</u>
	TOTAL	10	1,000		57 (11 WKS)
HEARING PANEL/ OFFICER	RESIDENTIAL	1.5	150	20 M	7
	AGRICULTURAL	1.5	150	30 M	10
	C/I	<u>2</u>	<u>200</u>	30 M	<u>13</u>
	TOTAL	5	500		30 (6 WKS)
CTY BOARD OF EQUALIZATION	RESIDENTIAL	.5	50	20 M	2
	AGRICULTURAL	.5	50	30 M	4
	C/I	<u>1</u>	<u>100</u>	30 M	<u>8</u>
	TOTAL	2	200		14 (3 WKS)

* ESTIMATES ONLY INCLUDE TIME OF ACTUAL HEARING. TIME TO RESEARCH AND COMPLETE ENTIRE HEARING PROCESS (INCLUDING NOTIFICATION AND DOCUMENTATION) MAY MORE THAN DOUBLE TIME ESTIMATE.

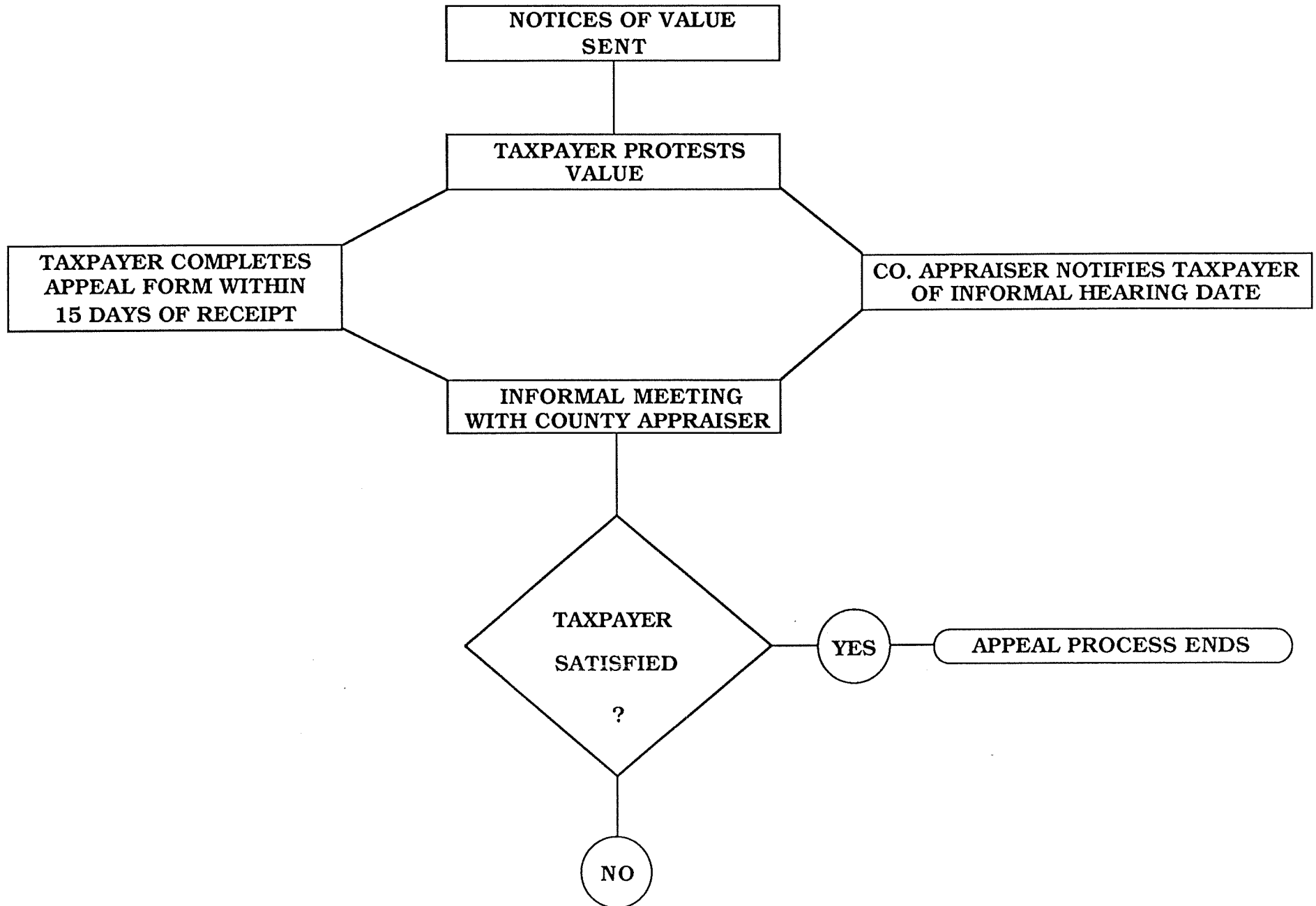
APPEAL CALENDAR 1989

	JANUARY		FEBRUARY		MARCH		APRIL		MAY		JUNE	
	1	15	1	15	1	15	1	15	1	15	1	15
INFORMAL												
NOTICES OF VALUE MAILED												
INFORMAL HEARINGS												
TAXPAYER FILES W/IN 15 DAYS												
HEARING PANEL												
HEARING PANEL MEETS												
TAXPAYER FILES W/IN 15 DAYS												
BOARD OF EQUALIZATION												
BOARD OF EQUALIZATION MEETS												
TAXPAYER FILES W/IN 15 DAYS												

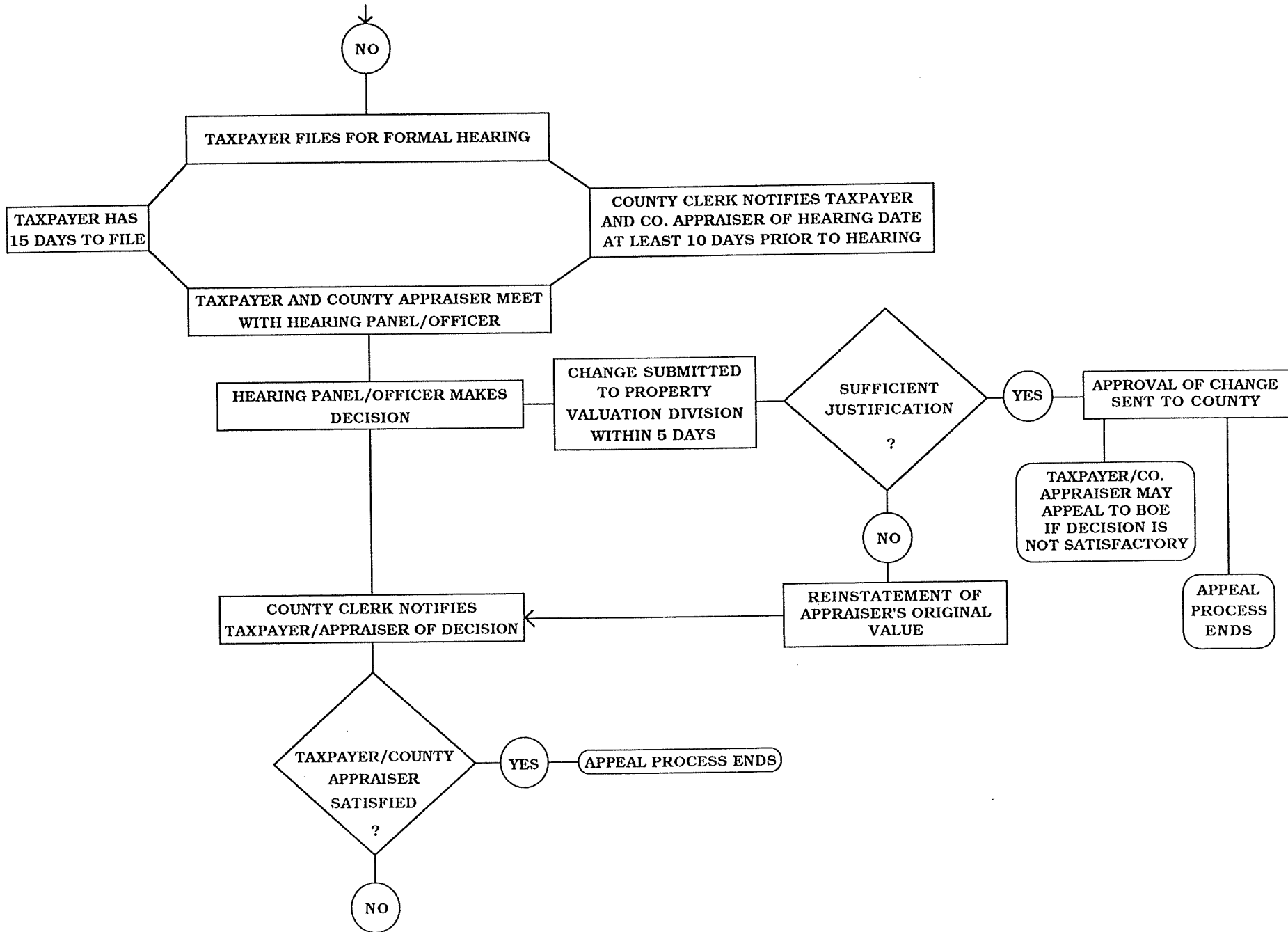
1. NOTICES OF VALUE MAILED AFTER JANUARY 1
2. INFORMAL HEARINGS BEGIN AFTER JANUARY 5
3. TAXPAYER FILES FOR INITIAL APPEAL WITHIN 15 DAYS OF RECEIPT
4. MANDATORY DATE TO MAIL NOTICES BY MARCH 1 (MAY 1 FOR PERSONAL PROPERTY)
5. INFORMAL HEARINGS END APRIL 1, FINAL DETERMINATION BY APPRAISER IS APRIL 15
6. HEARING PANEL BEGINS AFTER JANUARY 15
7. TAXPAYER HAS 15 DAYS TO FILE
8. HEARING PANEL ADJOURNS MAY 15
9. BOE BEGINS AFTER FEBRUARY 1
10. TAXPAYER HAS 15 DAYS TO FILE
11. BOE ADJOURNS BY JUNE 15

BOE PROCESS

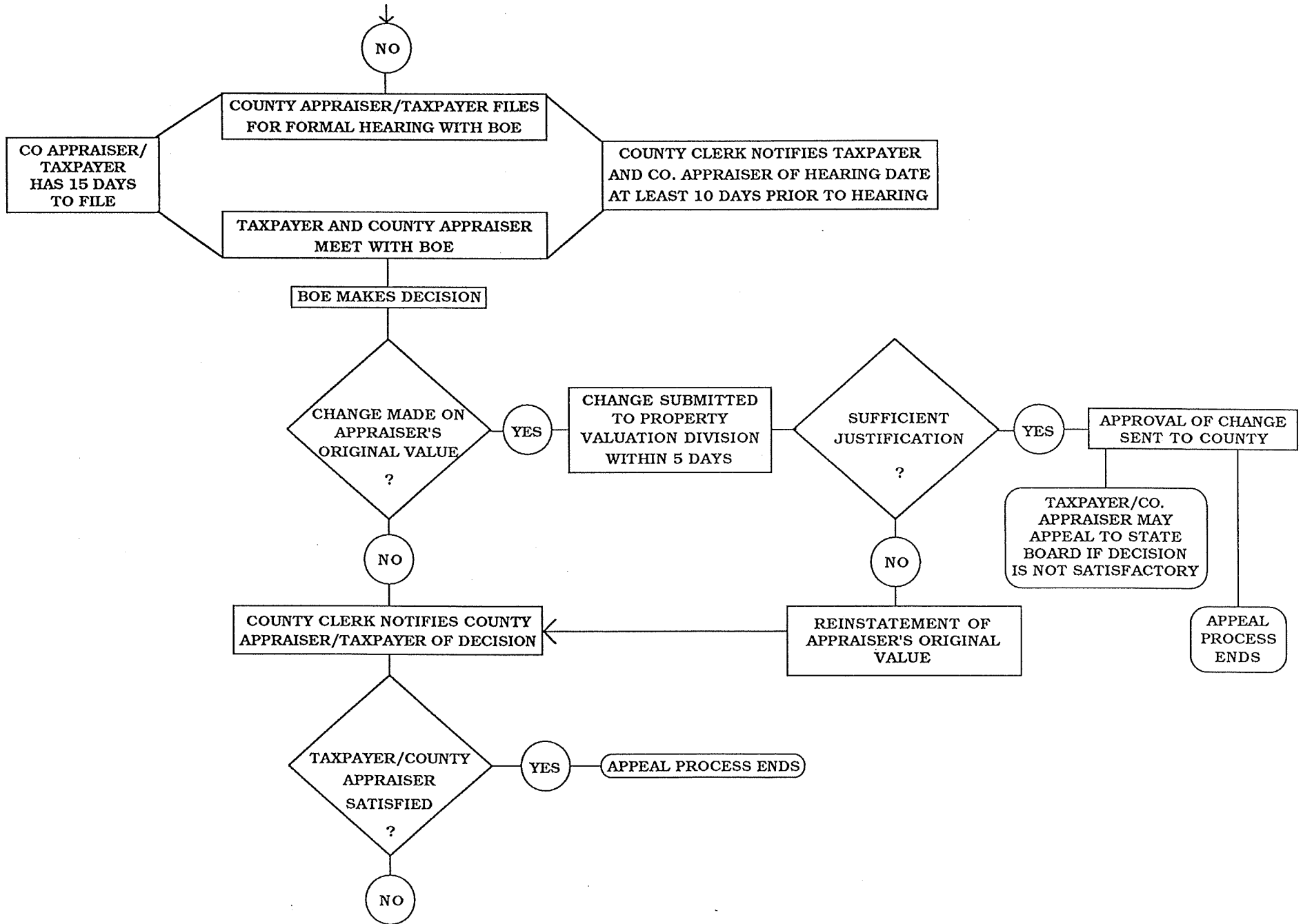
INFORMAL



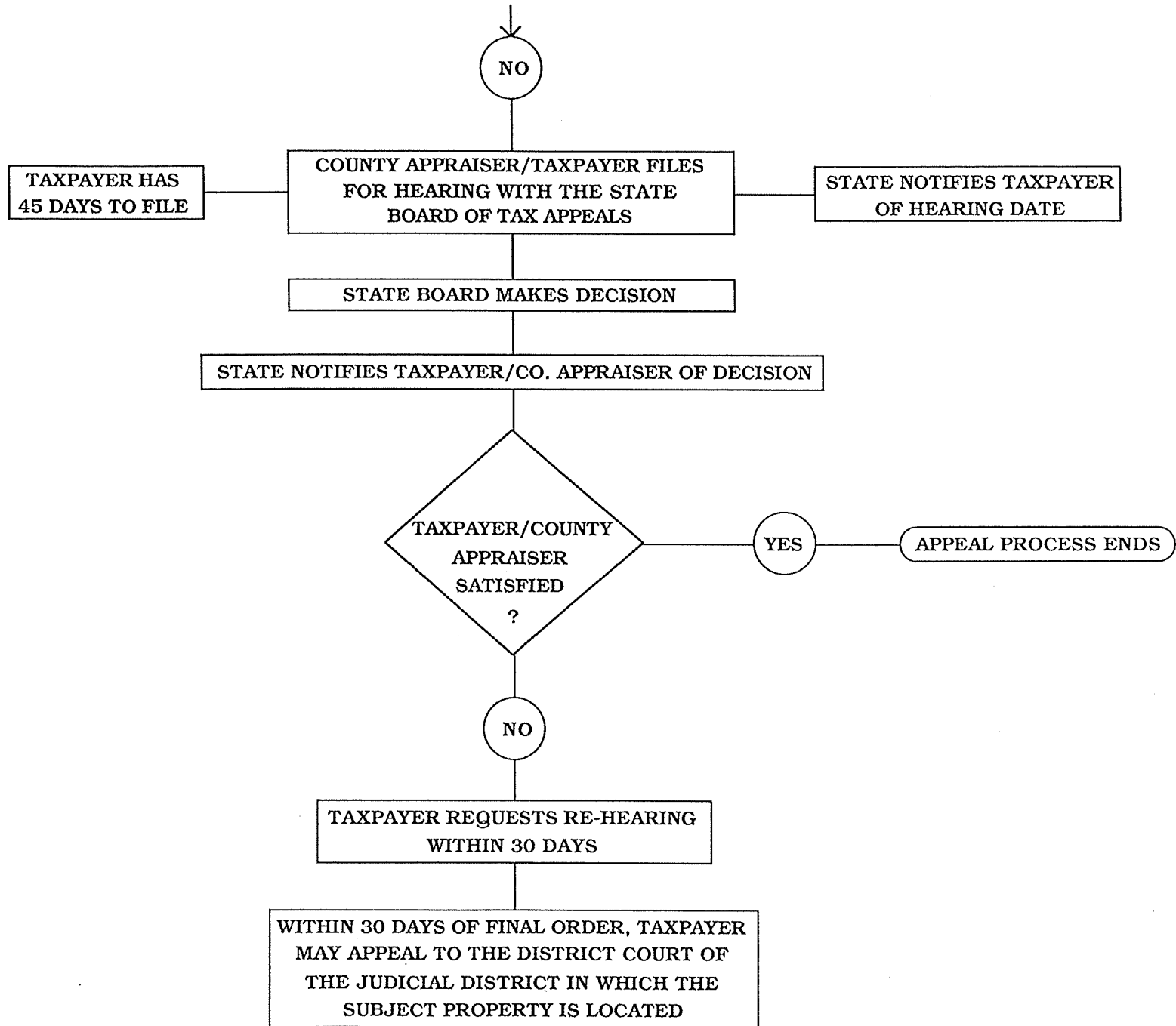
BOE PROCESS
*HEARING PANEL(S)/OFFICER(S) **



BOE PROCESS
BOARD OF EQUALIZATION



BOE PROCESS
STATE BOARD OF TAX APPEALS



Kansas Association of Counties

Serving Kansas Counties

212 S.W. Seventh Street, Topeka, Kansas 66603 Phone (913) 233-2271

March 14, 1988

To: Senator Fred Kerr, Chairman
Members Senate Assessment and Taxation Committee

From: Beverly Bradley, Legislative Coordinator
Kansas Association of Counties

Re: HB 2702

Thank you Mr. Chairman. Good morning ladies and gentlemen. I am Bev Bradley representing the Kansas Association of Counties.

HB 2702 represents many hours of work by a sub committee made up mostly of county officials and some Property Valuation personel. This bill addresses the major road block that will remain after 1/1/89, that of the appeals process. HB 2702 does not represent the exact process many would choose, but it represents cooperation, compromise, and lots of hard work. It is a process we believe will work.

We have all worked to build a strong partnership between state and local units of government to accomplish the reappraisal process. The taxpayers of Kansas have invested a great deal of money in this whole procedure. We believe a continuation of the partnership through the appeals process is appropriate.

The sheer numbers tell us that some county governing boards will chose to appoint hearings panels to assist in the process. This is spreading the work load. Many governing boards have indicated they will chose not to use them. We believe the process should be available to those who need it.

We believe the Board of Equalization should be the final local step if the appeal goes that far. The review by Property Valuation Division of any change made should remove the fear of the "good old boy" concept. We have heard concerns that the board of Equalization will not be mandated to receive the education. I promise you most commissioners will want to go to the training schools.

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The time line outlined in this bill is tight, but when another layer of appeals is permitted the time is somewhat shortened. If you look carefully you observe that more than one process can be occurring simultaneously. It will be imperative that the statements are sent in a timely fashion. Then the process can begin.

The legislative policy of Kansas Association of Counties says two things about the appeals process -

Advisory Hearing Panels - We support legislation to allow Boards of Commissioners to appoint advisory hearing panels to assist in the appeals process after reappraisal.

County Board of Equalization - We support the continued role of the county governing board as a board of equalization.

Kansas Association of Counties supports HB 2702.

HOUSE BILL 2702 CHANGES

Underlined wording is to be inserted.
[Bracketed wording] is to be deleted.

* K.S.A. 79-1448

Line 33 . . . to the county appraiser within 15 days of receipt of valuation notice.

The change is necessary to specify the exact time a property owner has to file the initial appeal to the county appraiser. Without this change, the informal hearing process will not work.

Lines 37 & 38 In no event shall an informal meeting regarding real property be scheduled to take place after April 1 nor a final determination be given by the property appraiser after April 15 in the year in which valuations

Amended to exclude personal property appeals from the April 1 deadline in the year of reappraisal and requires the county appraiser to notify all property owners of his determination by April 15. This change also allows informal personal property hearings to go until May 1, which is the current deadline.

Lines 55 & 56 [All such appeals shall be heard by the board de novo.] Each step in the county's established informal and formal appeal process must be completed before the taxpayer may appeal to the next level except as prescribed in Section 11, K.S.A. 79-1609.

Deletion: All formal hearings should be on the record; the statutes clearly provide for this. However, to have a de novo hearing at each county level causes duplication of time and effort. In addition, it creates an atmosphere in which the county can never be adequately prepared to present its case because the property owner has no restriction on the evidence which may be presented.

Insert: Added to insure that property owners follow all of the steps in the counties' established informal and formal appeals process. K.S.A. 79-1609 addresses the procedure to be followed upon payment under protest.

Line 201 . . . equalization [and all appeals shall be heard de novo].

See Line 55-56 deletion for explanation.

*K.S.A. 79-1606

Line 318 . . . within 15 days of the date that a notice of change in value or final determination was mailed by the county appraiser, hearing officer or panel or board of equalization . . .

Amended to stipulate that the property owner or county appraiser has 15 days from notice of change in value or notice of final determination to appeal to the next level. By inserting county appraiser, clarification is given to the timeframe the property owner has to file an appeal at all levels.

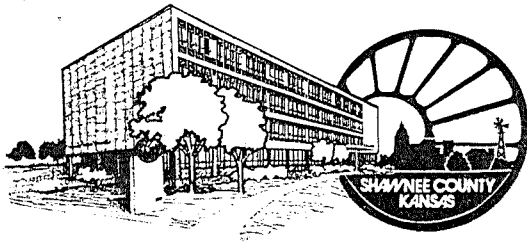
Line 345 Disposition of the appeal shall be mailed by the county clerk to the taxpayer and county appraiser within five days after the determination.

"County appraiser" was added so that the appraiser has the same appeal rights as the property owner if there is a disagreement with a determination of the hearing panel or BOE. Adding "county clerk" clarifies the duty of who is to notify the parties involved.

*K.S.A. 79-1610

Line 450 . . . mailed to the taxpayer and county appraiser within five days after the date . . .

This provides that the county appraiser also be notified of the BOE decision so that, in the event of a disagreement over a value or classification, a timely appeal may be filed with the State Board of Tax Appeals.



**Shawnee County
Office of County Clerk**

PATSY A. "PAT" McDONALD

295-4155 Main
295-4159 Accounting

Courthouse - Room 107
Topeka, Kansas 66603-3963

March 14, 1988

Senator Fred Kerr, Chairman
Assessment and Taxation Committee & Committee Members

My name is Patsy McDonald, County Clerk in Shawnee County. I am appearing today as a representative of the County Clerk's Association.

We are in support of House Bill 2702 as amended, and I would like to discuss three aspects of this bill with you.

First - The Appeals Process

This process will no doubt be a lengthy process as it is anticipated that many taxpayers will want to appeal formally, or at least informally.

For example, in Shawnee County, if only 5% of the taxpayers request a hearing, we are talking about 3,350 informal or formal hearings. Some counties are large--some are small--therefore, we feel it makes sense to allow counties the local option of choosing which method will work best for their county to accomplish this task.

Some counties may want a hearing officer, some may want a hearing panel--or several hearing panels, some counties may prefer to go directly from the informal to the formal Board of Equalization process. House Bill 2702 permits each county to decide.

It should be noted that House Bill 2702 authorizes counties to exceed the general fund levy and tax limitation by an amount not to exceed the related costs of such assistants, hearing officers or panels.

Second - County Clerk Involvement

County Clerks will be very involved in the notification process for the formal appeals, to taxpayers, the appraisers and the Department of Property Valuation. Also, Clerks will keep the minutes of the hearing panel appeals and the Board of Equalization appeals. This will require a great deal of organization to coordinate these hearings. I anticipate extra help will be needed in several, if not most, counties to meet the deadlines. We currently deal with only 0-10 hearings in most counties.

Third - Time Factor

As you know, County Clerks must certify the estimated assessed valuation to all taxing subdivisions by July 1 of each year, so they can complete their budget process, publish, have hearings and file their budgets in our office by August 25. This means the appeals process must be completed than June 15 to allow us time to compile the assessed values to the cities, schools and other

A & T 3/14/88

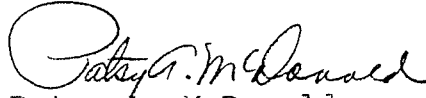
Att. 4

If indeed, we have a lot of appeals, the time frame between January 1 and June 15 must be well planned and executed very carefully to resolve all appeals at the county level by June 15. This was the reason the taxpayer had only seven days to file for a formal hearing after notification of the results of the informal; and only seven days after receipt of the formal hearing results. This amended bill moves this to 15 days to give the taxpayer more time to appeal, which is fine but it makes all the time lines a little tighter.

We also approve the combining of the time frame for personal and real property, as opposed to different dates for personal and real property.

In summary, we ask your consideration of House Bill 2702 as amended--it may not be perfect, but it is a big step in the right direction.

Sincerely,


Patsy A. McDonald
Shawnee County Clerk

PAM/11h