

Approved Saturday, April 27, 1991  
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen at  
Chairperson

11:00 a.m./p.m. on Wednesday, March 20, 1991 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Don Hayward, Assistant Revisor  
Tom Severn, Research Department  
Chris Courtwright, Research Department  
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

David Cunningham, Director of Taxation, Department of Revenue

Chairman Dan Thiessen called the meeting to order at 11:08 a.m. and told the members they have minutes in front of them dated February 27, 28 and March 1, 1991 and he would ask for a motion at the end of the meeting, and he said our agenda for today is to have a briefing by David Cunningham, Director of Taxation, Department of Revenue.

David Cunningham said what he hoped to do today, is what he said, he preceived to be an accurate accounting of exactly where we are. He said, in the summary he would not be able to say, that given the valuation statewide in 1988 that we should be somewhere else in 1989 and again somewhere else in 1990. He said it varies so much in counties that it would be misleading. He passed a handout that summarizes 20 counties based on the preliminary sales ratio study, and some projections he said they thought were indicative of what happens across the state.

He said he would draw attention to some of the things that he preceives that over the years have been problems with the Division, then discuss some of the problems which he believes are in the counties.

His handout (ATTACHMENT 1) he said, outlines problems in the counties but not the Division. He said he would indentify certain broad areas which he believes are problems and then discuss what the Division thinks they can do to help the counties in solving these problems.

He followed through his handout taking questions from committee members.

**(I) INTRODUCTION - PVD MISSION** (A). Guidance and Direction. (B). Training and Education (K.S.A. 19-432) (C). Assistance (D). Evaluation and Monitoring (E). Enforcement.

**(II) PROBLEMS** (A) Appraisal Administration (B) Public Relations (C) Data Collection (D) Neighborhood Deliniation/Analysis/Implications (E) Land Valuation (F) Sales Verification (G) Commercial Valuation (H) Residential Valuation (I) Lack of Appraisal Judgement (J) Training.

**(III) SOLUTIONS** (A) Require adequate number of state/county staff. (B) Training (C) Strengthen auditing/monitoring processes.

**(IV) CONCLUSION** on page (7) of (ATTACHMENT 1) Mr. Cunningham explained to the members (1) Problems (2) Identifying Source and (3) Long Term Solutions.

With the handout on Page 8 is a chart showing statewide effective tax rates and page 9 a simulation change in assessed valuation and mill levies based upon 1990 preliminary sales ratio.

After committee discussion a committee member asked Mr. Cunningham if he had a handout to show on paper where perhaps the worst situations of work areas in counties down to what would be the best situations and what it curtails, say looking at the level of counties that have big problems, and will have to have significant review or perhaps a reappraisal to correct it. The member asked Mr. Cunningham if he had this type of array? Mr. Cunningham said he did not have that kind of an array, and the reason is that we have not done enough audits. He said, they could put this together on maybe a half dozen audits showing the problems and what they need to do to solve them. He

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m./p.m. on Wednesday, March 20, 1991.

said, for the counties they have done, he would get the information for the committee members.

Chairman Dan Thiessen thanked Mr. Cunningham and asked for a motion on the minutes.

Senator Audrey Langworthy moved to adopt the minutes of February 27, February 28, and March 1, 1991, 2nd by Senator Don Montgomery. The motion carried.

Chairman Thiessen adjourned the meeting at 12:02 p.m.

GUEST LIST

COMMITTEE: SENATE  
ASSESSMENT & TAXATION

DATE: 3-20-91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
<del>R. ANDERSON</del>	<del>Boys of America</del>	<del>Miss Gert O'S</del>
BEN NEILL	Overland Park	:
M. Hawver	Topeka	Car-Jew
<del>Desmond Hill</del>	Shawnee	Shawnee Tomorrow
Frank D. Uryasz	Shawnee	" "
<del>Quinn Atwater</del>	Topeka	Linton
Alan Steppat	Topeka	Pete McBill & Associates
F. Robert Torres	Pratt	KSU-Manhattan
DON LINDSEY	OSAWATOMIE	UTU
Tim Kennedy	Topeka	
Terry Ferguson	Cloud County	
JANET STUBBS	Topeka	HBAK
M.S. MITCHELL	WICHITA	HBAK
Russ Gibbs	Topeka	PVD
PAT ISMERT	WICHITA	Sedgwick Co. Appr.
BRENDA LAHNER	TOPEKA	PVD
Viola Dodge	Olzburg Ks	KAW
Brad Welch	LAKIN, KS	Kearny Co
Ann Popay	Wipress	Grant Co
Kathy Olson-Wilson	Wipress	Self
HBA Gatz	WICHITA	KS ASSO FOR SMALL BUSINESS
M. G. Conlee	Wichita	Wichita Hospitals
Patty Steck	Topeka	IBM
Kirby L. Stegman	Topeka	DoR
Kan Swisler	Topeka	PVD



**-OUTLINE-**  
**"STATUS OF THE KANSAS APPRAISAL PROCESS"**  
**PRESENTED BY:**  
**DAVID C. CUNNINGHAM, DIRECTOR OF PROPERTY**  
**VALUATION**  
**SENATE ASSESSMENT AND TAXATION COMMITTEE**  
**MARCH 20, 1991**

**I. INTRODUCTION - PVD MISSION**

**A. Guidance and Direction**

1. Specifications - (*See Notebook "Guidance"*)
  - a. Mapping
  - b. Photography
  - c. Soil Overlay
  - d. Appraisal Maintenance
2. Directives
3. Informational Programs
  - a. Public relations
    1. Brochures, slides, press releases, etc.
4. Legal Assistance
  - a. In-house
  - b. Seek Attorney General Opinions as necessary.

**B. Training and Education (K.S.A. 19-432)**

1. Appraisal Courses and Workshops (*See Notebook "Training"*)
  - a. Co. appraiser is required to attend (79-1471)

3-20-91  
ATT. 1-1

2. Co. Appraiser Eligibility Examination (*See Notebook "Training"*)
3. Specialized Training Programs

**C. Assistance**

1. Technical (i.e. CAMA support, research specific problems).
2. Tools (i.e. CAMA software and computer hardware).
3. On-site (i.e. hands-on training, new co. staff orientation).
4. Guides (special purpose properties)
5. Special (i.e. narrative appraisals, use value, P.R.)

**D. Evaluation and Monitoring**

1. Ratio Study (79-1435 et. seq.)
  - a. Counties submit sales data.
  - b. Director determines sales price and ratio of assessed valuation to it.
  - c. C.O.D. below 20.
2. Field Staff/Cartography Reports (See FORMS)
  - a. Appraisal Status
  - b. Mapping Status
  - c. Map Maintenance
3. Monthly Progress Reports (See FORMS)
4. Audits (See FORMS)
5. Project Maintenance Plans (See FORMS)

**E. Enforcement**

1. Intervention
  - a. Assumption of Appraisers Duties (79-1479)

2. Penalties
  - a. Prosecution (79-1405, 79-1426 and 79-1473)
  - b. Forfeiture of Office (79-1473)
  - c. Imprisonment (79-1426)
3. Orders - Directors Discretion
4. Suspension (19-431)
5. Reappraisal (79-1436b)

## II. PROBLEMS

### A. Appraisal Administration

1. Untrained administrators.
2. Calendar not adhered to.
3. Inter-office administration.
4. Low wages - Lg. staff turnover.

### B. Public Relations

### C. Data Collection

1. 25% reinspection
  - a. Inadequately trained staff.
  - b. Inadequate staffing.
  - c. Inadequate supervision.
  - d. Lack of knowledge re: maintenance specifications.
2. Quality Control
  - a. Inadequate staffing to perform 10% recheck.
  - b. Inadequate training and review of new data collectors.
  - c. No records of quality inspections kept.
  - d. No communication to data collectors re: quality of work product.
  - e. No quality control for data entry.

#### **D. Neighborhood Deliniation/Analysis/Implications**

1. Lack of neighborhood boundary maps.
2. Improper boundaries.
3. Improper or lack of use of neighborhood analysis forms.

#### **E. Land Valuation**

1. Lack of Land Maps
  - a. Often not available.
  - b. Often out-of-date.
  - c. Often no verification that computer land models are working.
  - d. Land sales not posted on maps.
  - e. No review of CAMA values vs. market information.
2. Identification of Adverse Influences
  - a. Influence factors not identified or recorded.
  - b. Positive/Negative impact of influences not measured.
  - c. Lack of use of good judgement/common sense when market data is scarce.
3. Review of land/building ratios
  - a. No checks conducted.

#### **F. Sales Verification**

1. Data Gathering
  - a. Lack of formal plan or inter-office procedures.
  - b. Inadequate staffing.
  - c. PVD guidelines ignored.
  - d. Lack of follow-up on non-responses.
  - e. Inadequate questionnaires sent to taxpayers.



2. Sales Maintenance
  - a. Lack of or inadequate review of sales questionnaires.
  - b. Improper entry and maintenance of sales on CAMA.
  - c. Inadequate review of how changes impact sales price.
  - d. Lack of quality control for data entry.
3. Incorporation of Data
  - a. Sales not used as benchmarks.
  - b. Lack of consideration given to recent sales.

#### **G. Commercial Valuation**

1. Income and Expense Data
  - a. Lack of data collection effort.
  - b. Lack of knowledge on how to utilize data.
  - c. Insufficient staff.
  - d. No effort to develop needed information resources.
2. Market Calibration
  - a. No effort made to calibrate depreciation tables, cost factors to reflect actual conditions influencing market value.
  - b. No check for FMV against recent sales benchmarks.

#### **H. Residential Valuation**

1. Market Calibration
  - a. Residential Cost Factors don't reflect local market.
  - b. Construction costs not verified.
  - c. Application of inconsistent subjective factors.

2. Final Review
  - a. Lack of consideration of benchmark sales data.
  - b. Refusal of some counties to perform a final valuation review.

#### **I. Lack of Appraisal Judgement**

1. Correlation
2. Uniformity
  - a. No review.
  - b. Differential treatment of properties.

#### **J. Training**

1. Lack of administrative/management skills.
2. Appraisal staff inadequately trained to perform duties.

### **III. SOLUTIONS**

**A. Require adequate number of state/county staff.**

#### **B. Training**

1. Specialized.
2. Hands-on
3. Strengthen eligibility requirements and examination.
4. Require project management skills.

**C. Strengthen auditing/monitoring processes.**

1. PVD Organization.
2. Forms.
3. Reporting.

### **IV. CONCLUSION**

<u>Problem</u>	<u>Identifying Source</u>	<u>Long Term Sol.</u>
1) Lack of management skills	Co. Plan w/ follow up by Status Rpt./Mo. Prog. Rpts.	Rev. Elig. Exam/ Requirements
2) Public Relations	Letters	Spec. Training
3) Data Collection		Comp. Plan Rev.
a) 25% reinspection	Mo. Progress Report	Req. Adeq. Staff/
b) quality control	Co. Status Report	Training
4) Neighborhood Delineation/ Analysis/Implications	Audit Reports	Req. Adeq. Staff/ Training
5) Land Valuation		
a) Lack of land maps	Audit Reports	Spec. Training
b) I.D. of influence factors	Audit Reports	
c) Rev. of land/bldg. ratios		
6) Sales Verification		Req. Adeq. Staff/ Training
a) Data Gathering	Ratio Study Sale Audits	
b) Sales Maintenance		
c) Incorporation of Data	Ratio Study	
7) Commercial Valuation		Req. Adeq. Staff/ Training
a) Income/Expense	Field Staff Reports	
b) Market Calibration	Field Staff Reports Ratio Study	
8) Residential Valuation		Req. Adeq. Staff/ Training
a) Market Calibration	Ratio Study	
b) Review	Ratio Study/C.O.D.'s	
9) Appraisal Administration	Bi-Mo. Map. Status Rpts.	Rev. Elig. Exam Req. Proj. Mgmt.
a) Office administration	Field Staff Observations	
b) Calendar	Plans, Prog. Rpts, Phase Del.	
c) County Org. Structure	Staff Observations	
10) Lack of Appraisal Judgment		Intervention
a) Correlation	Ratio studies, letters, calls BOTA, observations,	
b) Uniformity	Ratio Study	
11) Training		Prov. hands-on

STATEWIDE EFFECTIVE TAX RATES

	A	B	C	D	E	F	G	H	I	
1	Property classification	1990	Market Value	1990	1990	Ratio	Estimated	1990	Effective	
2		Assessed Value	Per Simulations	Taxes	Sim. Eff. Rate		Market Value	Taxes	Rate	
3	REAL ESTATE				%				%	
4	URBAN: REAL ESTATE									
5	1A Residential	\$4,034,424,403	\$33,620,203,358	\$534,739,340	1.59	97.97	\$34,316,835,111	\$534,739,340	1.56	
6	1B Agricultural	\$8,086,423	\$20,288,077	\$826,195	4.07	2.22	\$367,832,519	\$826,195	0.22	
7	1C Vacant lots	\$122,918,921	\$1,024,324,342	\$15,713,223	1.53	96.15	\$1,065,339,929	\$15,713,223	1.47	
8	1D All other	\$2,640,611,798	\$8,802,039,327	\$354,670,033	4.03	97.29	\$9,047,218,960	\$354,670,033	3.92	
9										
10	RURAL: REAL ESTATE									
11	1A Residential	\$785,731,001	\$6,547,758,342	\$88,902,874	1.36	94.22	\$6,949,435,727	\$88,902,874	1.28	
12	1B Agricultural	\$1,416,202,028	\$4,720,673,427	\$154,844,030	3.28	26.29	\$20,000,000,000	\$154,844,030	0.77	
13	1C Vacant lots	\$21,729,961	\$181,083,008	\$2,347,184	1.30	80.80	\$224,112,634	\$2,347,184	1.05	
14	1D All other	\$468,927,777	\$1,563,092,590	\$51,673,156	3.31	92.30	\$1,693,491,430	\$51,673,156	3.05	
15										
16	PERSONAL PROPERTY									
17										
18	URBAN: PERSONAL PROPERTY									
19	2A Mobile Homes	\$31,304,145	\$260,867,875	\$4,335,067	1.66	0.12	\$260,867,875	\$4,335,067	1.66	
20	2B Mineral Interests	\$3,354,180	\$11,180,600	\$473,075	4.23	0.30	\$11,180,600	\$473,075	4.23	
21	2C Public Utility (local)	\$9,579	\$31,930	\$1,505	4.71	0.30	\$31,930	\$1,505	4.71	
22	2D Motor Vehicles	\$49,943,291	\$166,477,637	\$7,066,614	4.24	0.30	\$166,477,637	\$7,066,614	4.24	
23	2E Com. & Ind. Machinery	\$540,554,964	\$2,702,774,820	\$73,677,539	2.73	0.20	\$2,702,774,820	\$73,677,539	2.73	
24	2F All other	\$80,616,940	\$202,056,467	\$8,290,006	4.10	0.30	\$202,056,467	\$8,290,006	4.10	
25										
26	RURAL: PERSONAL PROPERTY									
27	2A Mobile Homes	\$17,284,849	\$144,040,408	\$1,882,973	1.31	0.12	\$144,040,408	\$1,882,973	1.31	
28	2B Mineral Interests	\$1,363,463,016	\$4,544,876,720	\$97,485,678	2.14	0.30	\$4,544,876,720	\$97,485,678	2.14	
29	2C Public Utility (local)	\$80,191	\$200,637	\$6,787	3.38	0.30	\$200,636	\$6,787	2.88	
30	2D Motor Vehicles	\$66,767,651	\$222,558,837	\$7,189,927	3.23	0.30	\$222,558,837	\$7,189,927	3.23	
31	2E Com. & Ind. Machinery	\$217,701,586	\$1,088,507,930	\$24,584,426	2.26	0.20	\$1,088,507,930	\$24,584,426	2.26	
32	2F All other	\$40,865,374	\$136,217,913	\$4,418,473	3.24	0.30	\$136,217,913	\$4,418,473	3.24	
33										
34	STATE ASSESSED									
35	URBAN: STATE ASSESSED	\$543,495,207	\$1,811,650,690	\$74,544,724	4.11	0.30	\$1,811,650,690	\$74,544,724	4.11	
36	RURAL: STATE ASSESSED	\$1,821,528,151	\$6,071,760,503	\$147,009,064	2.42	0.30	\$6,071,760,503	\$147,009,064	2.42	
37										
38	Line 6, Col G--Urban Agricultural computed by acreage times average selling price per acre in 1990									
39	Line 12, Col G--Rural Agricultural computed by class acreage times average selling price per acre in 1990									
40	Line 23, Col G--Urban C & I market value computed by use of 1988 C & I assessed values before penalties, over .30									
41	Line 31, Col G--Rural C & I market value computed by use of 1988 C & I assessed values before penalties, over .30									

**SIMULATION-CHANGE IN ASSESSED VALUATION AND MILL LEVIES BASED UPON 1990 PRELIMINARY SALES RATIO**

NAME OF COUNTY	ASSESSED VALUE									TOTAL									
	URBAN			RURAL			VACANT LOTS			OTHER			INCREASE/DECREASE OF ASSESSED VALUE	PERCENT	OF	CHANGE	% MILL	LEVY	CHANGE
	RATIO	RATIO	ASSESSED VALUE	RATIO	RATIO	ASSESSED VALUE	RATIO	RATIO	ASSESSED VALUE	RATIO	RATIO	ASSESSED VALUE							
BUTLER	94.66	92.60	\$5,537,971	96.15	96.67	\$60,078	95.44	.0000	\$1,229,162			\$6,827,211	+6.55	+3.75	+3.77	-4.37	-2.14	-3.11	
CHEYENNE	89.50	95.10	\$423,841	.0000	.0000	\$0	.0000	.0000	\$0			\$423,841	+9.40	0	0	-5.53	-0.37	-1.48	
COMANCHE	96.72	.0000	\$66,414	32.54	.0000	\$30,187	.0000	.0000	\$0			\$96,601	+2.57	+207.30	0	-2.36	0	-0.35	
COWLEY	98.37	87.33	\$2,488,531	.0000	87.00	\$32,183	78.71	.0000	\$4,732,928			\$7,253,642	+4.97	+4.80	+17.64	-7.30	-2.50	-4.85	
CRAWFORD	89.65	95.14	\$4,203,275	101.73	48.00	\$229,125	92.03	.0000	\$1,666,833			\$6,099,233	+9.84	+37.82	+7.34	-7.39	-2.19	-5.61	
DOUGLAS	96.82	94.78	\$6,179,644	97.03	41.22	\$1,241,755	102.68	.0000	(\$2,131,290)			\$5,290,109	+3.64	+26.05	-2.38	-1.01	-3.21	-1.53	
FRANKLIN	94.97	86.48	\$2,437,559	61.08	.0000	\$153,209	103.51	.0000	(\$925,972)			\$1,664,796	+8.64	+51.50	-6.97	-0.67	-3.34	-2.13	
GREELEY	101.73	.0000	(\$26,897)	.0000	.0000	\$0	.0000	.0000	\$0			(\$26,897)	-1.29	0	0	+0.82	0	+0.10	
HASKELL	99.56	.0000	\$17,545	98.56	.0000	\$941	.0000	.0000	\$0			\$18,486	+0.36	+1.31	0	-0.24	0	-0.02	
JACKSON	79.20	89.63	\$2,304,189	79.49	113.47	\$7,981	62.75	.0000	\$1,536,619			\$3,848,789	+18.19	+6.71	+38.05	-22.57	-2.98	-9.56	
JOHNSON	100.04	95.96	\$1,762,550	96.25	80.27	\$3,019,574	70.66	84.62	\$327,026,037			\$331,808,161	+0.13	+4.99	+40.85	-11.72	-5.75	-11.46	
MONTGOMERY	101.54	99.21	(\$426,229)	57.14	118.18	\$398,518	86.43	92.30	\$4,378,298			\$4,350,587	-0.82	+54.35	+13.52	-4.35	-1.34	-2.97	
PAWNEE	99.85	80.78	\$545,282	.0000	.0000	\$0	102.22	.0000	(\$88,546)			\$456,736	+5.54	0	0	+0.58	-1.51	-0.94	
*RENO	99.83	103.08	(\$686,362)	112.50	104.61	(\$252,966)	170.00	.0000	(\$26,914,403)			(\$27,853,731)	+0.67	-.8.97	-31.58	+19.15	+0.69	+10.53	
SALINE	98.98	91.22	\$1,806,881	98.62	.0000	\$12,852	54.90	.0000	\$39,075,548			\$40,895,281	+20.30	+1.36	+63.76	-20.71	-1.71	-16.30	
SEDGWICK	95.00	95.35	\$44,940,074	60.69	.0000	\$15,202,455	120.38	.0000	(\$96,733,283)			(\$36,590,754)	+5.22	+55.69	-15.38	+2.66	-1.63	+1.95	
SHAWNEE	97.05	95.47	\$12,446,354	80.77	.0000	\$1,638,940	86.30	.0000	\$34,893,979			\$48,979,273	+3.53	+19.41	+14.07	-7.05	-2.45	-5.95	
STANTON	98.04	.0000	\$24,953	91.50	.0000	\$5,034	.0000	.0000	\$0			\$29,987	+0.94	+9.21	0	-0.65	0	-0.04	
WALLACE	103.68	.0000	(\$43,365)	.0000	.0000	\$0	.0000	.0000	\$0			(\$43,365)	+2.06	0	0	+1.65	0	+0.19	
WYANDOTTE	96.63	79.80	\$9,640,876	87.83	84.06	\$1,480,044	92.27	.0000	\$16,972,453			\$28,093,373	+3.98	+13.99	+8.32	-4.57	-13.15	-4.72	
<b>TOTALS</b>			<b>93,643,086</b>			<b>23,259,910</b>			<b>304,718,363</b>										
ASSESSMENT RATE			0.12			0.12			0.30										
MARKET VALUE			780,359,050			193,832,583			1,015,727,877	=		1,989,919,510							

\*COUNTY HAS REQUESTED NEW SALES RATIO EXTRACT