

Approved Monday 2-24-92  
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 Thursday, February 20, 1992 in room 519-S of the Capitol.

All members were present except:  
Senator Sheila Frahm (Excused)

Committee staff present:  
Bill Edds, Revisors Office  
Don Hayward, Revisors Office  
Chris Courtwright, Research Department  
Tom Severn, Research Department  
Marion Anzek, Committee Secretary

Conferees appearing before the committee:  
Sam Schmidt, Vice President, KS County Appraisers Association  
David Cunningham, Director P.V.D. Department of Revenue

Chairman Dan Thiessen called the meeting to order at 11:12 a.m. and said the agenda today is a hearing on SB582, SB583 and SB590. The Chairman turned attention to SB582 recognizing Larry Clark, President-KS County Appraisers Association.

SB582:County Boards of Equalization, appointment of panels to assume duties.

Sam Schmidt, Vice President, KS County Appraisers Association said he was representing the Association today for Larry Clark.

Mr. Schmidt said the purpose of the proposed amendment to K.S.A. 79-1601 is to allow county boards of commissioners the option of appointing a separate panel to assume their duties as a county board of equalization.

He said, the legislative requirement that the board of county commissioners sit as a board of equalization (appeal) does not comport well with contemporary standards for assessment appeal.

He said, a county commission, particularly in an urban area, confronts many serious public policy issues. Having to sit as a board of appeal diverts attention from those matters and results in a disproportionate amount of time being spent on, too small administrative details.

He said, they support the provision of an option that county commissioners may exercise to take themselves out of the appeal process. (ATTACHMENT 1)

After committee discussion on SB582 Chairman Thiessen concluded the hearing on SB582 and turned attention to SB583.

SB583:Employees of County Appraisers, education requirements.

Sam Schmidt said the current law requires only that the county appraiser be sent to school and in some counties that is the only person the county commission will pay to educate, with the exception in a very few cases where it only takes one person to appraise a county, more trained personnel are needed. That training is provided by P.V.D. and professional appraisal organizations, but there is currently no mechanism to require counties to provide it for all appraisal personnel. He said, SB583 would correct that. (ATTACHMENT 2)

Chairman Dan Thiessen recognized David Cunningham, Director-P.V.D. Department of Revenue.

David Cunningham, offered an amendment to SB583 page 1, line 36 to insert "or approved" after the word conducted.

Chairman Dan Thiessen concluded the hearing on SB583 and turned attention to SB590 recognizing Sam Schmidt.

Sam Schmidt said SB590 said the purpose of the proposed amendment to K.S.A. 79-2005 is to eliminate the ability to challenge the value of property through the payment under protest process.

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 AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m. ~~4:00~~ on Thursday, February 20, 1992.

He said the troublesome feature of the KS property tax system is the existence of (2) separate appeal processes. (1) more common process, the "informal appeal" process is sufficient. (2) problematic process, the "payment under protest" process should be amended to eliminate de novo appeals. He said, chance protest appeal provisions apparently were enacted in anticipation of the 1989 reappraisal. He said, the process delays finality in the property tax system and increases public confusion about how the system works, falsely raises expectations of relief when none is warranted and diverts appraiser's office resources from more important tasks.

He said, when they get payment under protest, often they are not protest on valuation, they are protest on taxes, he said this is about 80% on taxes. (ATTACHMENT 3)

David Cunningham said the majority of payment under protest from 1989, are commercial.

Chairman Dan Thiessen concluded the hearing on SB590.

Senator Audrey Langworthy moved to adopt the minutes of February 18th and February 19, 1992, 2nd by Senator Marge Petty. The motion carried.

Chairman Dan Thiessen adjourned the meeting at 11:58 a.m.



**KANSAS COUNTY APPRAISERS ASSOCIATION**

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To: Senate Assessment and Taxation Committee

From: Sam Schmidt, Vice-President KCAA

Date: February 20, 1992

Mr. Chairman and members of the committee thank you for the opportunity to appear in support of Senate Bill 582. My name is Sam Schmidt and I am here representing the Kansas County Appraisers Association as their vice-president.

The purpose of the proposed amendment to K.S.A. 79-1601 is to allow county boards of commissioners the option of appointing a separate panel to assume their duties as a county board of equalization.

This arises directly out of a report from the International Association of Assessing Officers on the Kansas appraisal system. To quote from that report:

The legislative requirement that the board of county commissioners sit as a board of equalization (appeal) does not comport well with contemporary standards for assessment appeal. Those standards recommend independent, qualified appeal boards. (Having commissions sit as boards of equalization made sense in rural nineteenth century America.) Although Kansas statutes allow county commissions to appoint hearing officers and panels and although the statutes require individuals who hear appeals to attend a PVD training sessions, the

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statutory scheme does not go far enough.

A county commission, particularly in an urban area, confronts many serious public policy issues. Having to sit as a board of appeal diverts attention from those matters and results in a disproportionate amount of time being spent on too small administrative details.

In light of this finding the Kansas County Appraisers Association supports the provision of an option that county commissioners may exercise to take themselves out of the appeal process.

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To: Senate Assessment and Taxation Committee

From: Sam Schmidt, Vice-President KCAA

Date: February 20, 1992

Mr. Chairman and members of the committee thank you for the opportunity to appear in support of Senate Bill 583. My name is Sam Schmidt and I am here representing the Kansas County Appraisers Association as their vice-president.

The purpose of the proposed amendment to K.S.A. 79-1411b is to require counties to educate all employers of the appraiser's office who perform appraisal functions. In the words of the International Association of Assessing Officers "Technically proficient assessment personnel are essential to a well-run, credible mass appraisal system.

Current law requires only that the county appraiser be sent to school and in some counties that is the only person the county commission will pay to educate. Except in a very few cases where it only takes one person to appraise a county, more trained personnel are needed. That training is provided by property valuation division and professional appraisal organizations, but there is

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currently no mechanism to require counties to provide it for all appraisal personnel. This bill will correct that.

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To: Senate Assessment and Taxation Committee

From: Sam Schmidt, Vice-President KCAA

Date: February 20, 1992

Mr. Chairman and members of the committee thank you for the opportunity to appear in support of Senate Bill 590. My name is Sam Schmidt and I am here representing the Kansas County Appraisers Association as their vice-president.

The purpose of the proposed amendment to K.S.A. 79-2005 is to eliminate the ability to challenge the value of property through the payment under protest process. To again quote from the report by the International Association of Assessing Officers:

An unusual and troublesome feature of the Kansas property tax system is the existence of two separate appeal processes. The first, more common process, the "informal appeal" process is sufficient. The second, problematic process, the "payment under protest" process should be amended to eliminate de novo appeals.

The second-chance protest appeal provisions apparently were enacted in anticipation of the 1989 reappraisal. Whatever their merits then, the process delays finality in the property tax system increases public confusion about how the system works, falsely raises expectations of relief when none is warranted, and diverts appraiser's office resources from more important tasks. "Payment under protest"

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provisions in other states usual pertain to appeal systems in which tax bills are issued *before* valuation appeals are heard or to procedures for protesting allegedly illegal property tax levies. The Kansas "payment under protest" appeals confuse the question of assessment uniformity (tax equity) with the size of the tax bill, which is influenced more by the size of tax levies.

Beyond this the protest process costs taxpayers additional money in two ways. First every county has to insure adequate administrative funding to support the process and it is extremely difficult to budget. Second, taxing jurisdictions can only protect themselves from the results of protests by padding their budgets in much the same way as they formerly protected against delinquent taxes. The net result is all taxpayers paying for the appeals of a few.