

Approved TUES. 3-3-92
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 Monday, March 2, 1992 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Bill Edds, Revisor's Office
Don Hayward, Revisor's Office
Chris Courtwright, Research Department
Tom Severn, Research Department
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Senator Nancy Parrish, Sponsor of SB654
Jim Irish, Greater KS Chapter Appraisal Institute

Chairman Dan Thiessen called the meeting to order at 11:07 and said the agenda for today is a hearing on **SB657 and SB654**.

Chairman Dan Thiessen chief sponsor of **SB657** said the bill would allow the homestead claimants to verify their eligibility and then the bill would be sent to the State, and the State would pay the County, instead of paying the individuals. He said, this way the taxpayer would not have to raise the money to begin with, in order to get a refund.

SB657:Assignment of homestead property tax refunds to counties in lieu of payment of taxes.

After committee discussion on **SB657** The Chairman asked if the members were ready for action on the bill.

Senator Don Montgomery moved to favorably pass **SB657**, 2nd by Senator Audrey Langworthy.
The motion carried.

Chairman Thiessen turned attention to **SB654** and recognized Senator Nancy Parrish, sponsor of **SB654**.

SB654:Fair market value defined for property tax purposes.

Senator Nancy Parrish said the purpose of **SB654** is to place a high priority on the sales price of real estate if the sale was in arms' length agreement and if the sale occurred within 3 years of the valuation year.

She said, the provision dealing with "3 years from when the sale was consummated" could be modified if the Committee feels that the 3-year provision is too long.

She said, she is also not opposed to an amendment that would provide that there is a rebuttal presumption that the sales price is the fair market value. In that way the sales price would be the fair market value unless the appraiser was able to prove that it was not an arms' length transaction or generally that the sales price did not reflect fair market value. She said she would like to make sales a bit more, part of the consideration of valuation. (**ATTACHMENT 1**)

Senator Fred Kerr said page 1, line 25 of the bill would really do that, "shall be the sole criteria of fair market value if such sale occurred within three years of the valuation year. Senator Parrish said that is the way it ended up at the last minute in drafting, and she said she would prefer making it "rebuttal presumption"

After committee discussion, Chairman Dan Thiessen recognized Jim Irish, Greater KS Chapter, Appraisal Institute.

Jim Irish said in his testimony of last week regarding **SB645** which mandated the income approach in certain circumstances, he testified that indeed that left to the imposition of investment value, rather than fair market value as defined in the statute.

He said, **SB654** does the same thing, because it say's "a property owner comes in and he pays a given price, and may or may not be a knowledgeable buyer or seller involved

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Monday, March 2, 1992

in the transaction. So we would have the constraint placed on the County Appraiser, that the selling price be used and therefore you have specified criteria dictated by the client, the client being the State people, and there again we find the same dilemma.

He said, he has several bills he has discussed with proponents and the ramifications of their bills. He said, they all do the same thing, they lead us to investment value and not fair market value.

He suggested to the committee, to turn to page 2 line 7 of SB654 "ad valorem tax purposes shall" he said, that is existing language from the current statute. He suggested, the State of KS follow what the Federal Government did after 2 years of study from 1987 to 1989, and finally incorporated Title 11, the Financial Institutions Reform, Recovery and Enforcement Act of 1989, that being public law 101-73. He said, Title 11 to the law amongst it's many things, under the heading of Real Estate Appraisal Reform Amendments, places the setting of appraisal standards, i.e. defines what is generally excepted appraisal procedures upon the appraisal standards for The Appraisers Foundation.

He said referring to Section 110 of the Act 12 U.S.C. 3339, sub paragraph 1 would pick up with the word "shall" and insert this language taken from what he just cited. "Shall be performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards formulated by the appraisal standards, for the appraisal standards for the Appraisal Foundation. He suggested taking the Federal Statue language and putting it in the Kansas Statute, and he said he did not think all these other suggested amendments would be needed. (NO WRITTEN TESTIMONY)

After committee discussion Chairman Dan Thiessen concluded the hearing on SB654.

Senator Shiela Frahm moved to favorably adopt the minutes of February 26 and February 27, 1992, 2nd by Senator Audrey Langworthy. The motion carried.

Chairman Dan Thiessen adjourned the meeting at 12:00 noon.

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

RANKING MINORITY MEMBER: EDUCATION
MEMBER: FINANCIAL INSTITUTIONS AND INSURANCE
JUDICIARY
LEGISLATIVE AND CONGRESSIONAL
APPORTIONMENT
LEGISLATIVE POST AUDIT
WAYS AND MEANS

NANCY PARRISH
SENATE DEMOCRATIC POLICY CHAIR
STATE SENATOR, NINETEENTH DISTRICT
SHAWNEE COUNTY
3632 S. E. TOMAHAWK DR.
TOPEKA, KANSAS 66605
913-379-0702 HOME
913-296-7373 BUSINESS

Senate Assessment and Taxation Committee

SB 654

March 2, 1992

The purpose of Senate Bill 654 is to place a high priority on the sales price of real estate if the sale was an arms' length agreement and if the sale occurred within three years of the valuation year.

The bill was introduced in response to constituents' concerns that the appraisal of their property did not reflect the actual sales price of their property even in the valuation year that the sale occurred.

The provision dealing with "three years from when the sale was consummated" could be modified if the Committee feels that the three-year provision is too long.

In addition, I am not opposed to an amendment that would provide that there is a rebuttal presumption that the sales price is the fair market value. In that way the sales price would be the fair market value unless the appraiser was able to prove that it was not an arms' length transaction or generally that the sales price did not reflect fair market value.

SENATE ASSES. & TAX
3-2-92
ATT. 1