

Approved THURSDAY - 3-19-92
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./~~PM~~ on Monday, March 16, 1992 in room 519-S of the Capitol.

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

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:
David Cunningham, P.V.D., Department of Revenue
Ann Smith, KS Association of Counties

Chairman Dan Thiessen called the meeting to order at 11:09 and told the members they have minutes in front of them dated March 3rd, 4th and 5th and would ask for a motion at the end of the meeting. He turned attention to HB2811 and recognized Chris Courtwright, Research Department for a review of the bill.

Chris Courtwright said, when HB2811 was introduced in the House, he said, he thought it was one of the recommendations from one of the Governor's summer Task Force's. He said, a number of these property tax related bills were referred to the sub-committee and HB2811 and HB2812 were two of them. He said HB2811 deals with the notion of whether the value should increase.

He said the last couple of year's the committee passed a bill that said, "counties can't increase value unless there has been a physical inspection, along with other language to that affect.

He said HB2811 would for the next following year, prohibit counties from increasing the valuation of real property for which the value had been reduced through the appeals process unless "documented substantial and compelling reasons" were provided to substantiate the proposed increases.

He said, this is against real property only, and he said, the bill says for all years beginning with tax year 1992. He said, he thought this would not take effect until 1993.

After committee discussion The Chairman recognized David Cunningham, Director P.V.D., Department of Revenue.

David Cunningham said some counties have already mailed notices for 1992. He said there is a provision in the law where they are required to do a physical inspection prior to changing of value, and that would include upward or downward change in the value of property. He said, steps taken during the special session are in place.

He said, to be effective January 1, 1992, he wondered what the effects would be on the notices that have already been sent or will be sent or will have been sent by the time this becomes law?

During committee discussion a committee member asked Mr. Cunningham what he might suggest to make this bill better?

David Cunningham said what he believes is to come up with a mechanism to require the counties to do the job they are supposed to do, and not rely on the computers and markets that they are doing. He said, one of the things that the Governor's Task Force did in another bill, was to suggest that we need to have a greater ability to enforce the provisions of the law, and make the county appraiser's become accountable. He said, he would hold his comments on that until the committee get's to that bill.

Chairman Dan Thiessen concluded the hearing on HB2811 and turned attention to HB2812.

Chris Courtwright reviewed HB2812 with the committee and he said, the bill as amended would authorize the Director of Property Valuation to withhold reappraisal maintenance monies appropriated pursuant to K.S.A. 79-1478 from a county in noncompliance with property

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,

room 519-S, Statehouse, at 11L00 a.m.~~pm~~ on Monday, March 16, 1992

tax statutes. A county aggrieved by any such an attempt to withhold funds would be allowed to appeal to the State Board of Tax Appeals (SBOTA) for a summary hearing in accordance with the KS Administrative Procedures Act (KAPA).

After committee discussion on HB2812, a committee member asked "how quickly one has to set a hearing and how long do they have to make a decision?"

David Cunningham said in one case he knows about in Cherokee County where 1413a was filed and the Board commenced the summary proceeding within about 20 days, the preliminary was very brief and it still took a good six months. He said, this is one of the problems, the length of time it takes to work itself through.

He said, there is nothing intermediate, you either appraise or fire an appraiser, and the counties are opposed to this kind of intermediate level action.

He said, there was an attempt by the Governor's Task Force to get some intermediate level steps available to the Director to insure that people were going to follow the rules.

Chairman Dan Thiessen said maybe there should be penalties for the commissioners also, if this doesn't work. David Cunningham said that was also brought up in the House Committee, because the taxpayers are left holding the bill.

A committee member asked, if in Section 1, line 15 of HB2812 should the word be "shall" or "may"?

Don Hayward said he thought the word should stay "shall" because it is a finding by the Director.

The Chairman Recognized Beverly Bradley, KS Association of Counties.

Ann Smith, KS Association of Counties presented Beverly Bradley's testimony. She said, they are opposed to HB2812, and she said, they feel it is not all the fault of the counties. They recommended a reasonable definition of "compliance". She said, they would suggest that the "substantial compliance" that is currently in the statute be continued and that it be clearly defined. (ATTACHMENT 1)

The Chairman concluded the hearing on HB2812 and turned attention to HB2816 recognizing Tom Severn to brief the bill for the committee.

Dr. Tom Severn said HB2816 recodifies the statutes that relates to the KS real estate sales ratio study act.

He said, there are several changes (1) Ratio study would be for calendar years, altho the 1st would be for a 16 month period from January 1, 1991 through the end of 1992. He said, the study would be conducted for counties, but no longer for school districts, and the Director would retain the authority to supplement ratio's with appraisals or sales from a previous year. He said, the current procedure for quarterly reports would be repealed, and they would make mid-year reports with the right of appeal to go to the Board of Tax Appeals if the County thought there were some problems with the way it is done.

He said, the reports would be published by April 1, and if the Director determined that it couldn't be published, then he would be required to make a preliminary report to the Governor, and certain legislative leaders, and the tax committee on or before March 15.

He explained the House Floor amendments on the 2nd page of his attachment (ATTACHMENT 2)

Having no conferees on HB2816 The Chairman concluded the hearing.

Senator Audrey Langworthy moved to adopt the minutes of March 3rd, 4th, and 5th, 2nd by Senator Gerald Karr. The motion carried.

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



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Executive Director
John T. Torbert, CAE

Date: March 16, 1992

To: Senator Dan Thiessen, Chairman
Members Senate Taxation Committee

From: Bev Bradley, Deputy Director
Kansas Association of Counties

Re: HB 2812--withholding county entitlements

The Kansas Association of Counties is opposed to HB 2812. We appreciate the efforts of the House sub-committee in removing the portion of the bill to withhold the LAVTR and City-County Revenue Sharing monies. We feel that it does no good to be punitive in trying to get the reappraisal and reappraisal maintenance work done. We understand there are problems in some counties. We believe that it is not all the fault of the counties. We would recommend a reasonable definition of "compliance". As we understand the situation, there have been directives over the years that are contradictory. There have been several directors of Property Valuation since the reappraisal bill was passed. Each of them has administered the department differently. We would suggest that the "substantial compliance" that is currently in the statute be continued and that it be clearly defined.

Then, when everyone knows the rules, the reappraisal reimbursement money could be withheld until the county gets in compliance, not permanently, as this bill would suggest. We agree that training is an essential part of the program. We do not think that penalizing counties is the appropriate way of securing the money to do this training.

TSB-2812

*BY: ANN SMITH
SENATE ASSES. & TAX
3-16-92
ATT. 1*

Draft

SESSION OF 1992

SUPPLEMENTAL NOTE ON
SUBSTITUTE HOUSE BILL NO. 2816

As Recommended by House Committee on
Taxation

of the Whole

Brief*

Sub. H.B. 2816 would recodify the statutes regulating the real estate sales ratio study and enact the Kansas Real Estate Ratio Study Act.

The study would be conducted for calendar years, but the first study would cover the period September 1, 1991 to December 31, 1992. The study would be conducted for counties but not for school districts.

The Director of Property Valuation would have the duty of obtaining and analyzing all sales. When sales were insufficient to determine reliable ratios, the Director could use sales from the previous year or obtain or conduct appraisals to supplement current sales.

Mid-year ratios would be determined. The Director would notify each board of county commissioners of the mid-year ratios for the county. When the final ratio has been determined, the Director would notify the board of county commissioners, and the board would have 15 days to appeal the ratio to the State Board of Tax Appeals (SBOTA). SBOTA would conduct a hearing within ten days of receipt of the written notice of appeal and would have 15 days to notify all parties of its findings. The SBOTA could order the Director to make necessary corrections to the study.

The Director would publish the study by April 1 of each year. If it were determined that the study cannot be published by April 1, the Director would be required to make a preliminary report to the Governor, the President of the Senate, the Speaker of the House, and the tax committees on or before March 15.

* Supplemental Notes are prepared by the Legislative Research Department and do not express legislative intent.

SENATE ASSES. & TAX
3-16-92
ATT. 2-1

The bill would repeal several statutes, including K.S.A. 79-1444 prescribing a technical advisory committee, K.S.A. 79-1445 requiring that the Director publish a list of counties which the Director finds to be in substantial compliance regarding appraisal of real property, and 79-1436b authorizing the Director to order reappraisal when the coefficient of deviation for any class of property within a county exceeds 20 percent.

Background

This bill was introduced at the request of the Division of Property Valuation and intended to incorporate recommendations of the Governor's Tax Task Force.

The substitute bill resulted from the work of a subcommittee.

The House Committee of the Whole removed the repeal of 79-1444 prescribing a technical advisory committee and K.S.A. 79-1445 requiring that the Director publish a list of counties which the Director finds to be in substantial compliance regarding appraisal of real property. These statutes thus would ~~remain in effect~~ not be repealed.