

Approved: Jan 16, 1996
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:00 a.m. on January 11, 1996 in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin,
Senator Bond, Senator Clark, Senator Feleciano, Jr.,
Senator Hardenburger, Senator Lee, Senator Ranson,
Senator Sallee and Senator Wisdom.

Committee staff present: Tom Severn, Legislative Research Department
Chris Courtwright, Legislative Research Department
Don Hayward, Revisor of Statutes
Elizabeth Carlson, Secretary to the Committee

Conferees appearing before the committee: Arthur Brown, Mid-American Lumbermens Association
John Frederico, Villa St. Joseph
Larry Clark, Kansas County Appraisers Association
Mark Beck, Director, Property Valuation Division
Bill Waters, Counsel, Property Valuation Division
Betty McBride, Director of Vehicles Administrative Office

Others attending: See attached list

REQUESTS FOR INTRODUCTION OF BILLS

Art Brown, representing the retail building material dealers in the state of Kansas through the Mid-America Lumbermens Association, requested the introduction of a bill to implement the local-option use tax in the state of Kansas. (Attachment 1)

Senator Bond made a motion to introduce this bill. The motion was seconded by Senator Lee. The motion carried.

John Frederico, representing Villa St. Joseph, requested a bill be introduced for exemption of certain adult care homes.

Senator Bond made a motion to introduce this bill. The motion was seconded by Senator Sallee. The motion carried.

SB 429--PROPERTY TAX ADMINISTRATION PRACTICES AND PROCEDURES

Larry Clark, representing the Kansas County Appraisers Association, explained **SB 429** and gave the objectives, changes and background of the bill. There are six changes. (Attachment 2)

Senator Feleciano had questions about audits unannounced and objected to by businesses. Mr. Clark said this would probably not be done by an appraiser but the Senator wanted to know if this was possible under the law. Bill Waters brought to the attention of the committee that there was an older Attorney General's opinion regarding a similar subject but Senator Feleciano requested a new opinion whether or not this could be done.

Senator Ranson commented about the use of the word "shall" in KSA 79-1412a, new Section 9. She thought the word "may" should be used instead.

SB 430--QUALIFICATIONS OF COUNTY APPRAISERS

Larry Clark, Kansas County Appraisers Association, explained **SB 430** and said this bill would allow the substitution of a professional mass appraisal designation for the licensing requirement for county appraisers. Mr. Clark suggested an amendment to the bill. In line 32 and 33, the words "On and after July 1, 2001" be stricken and the bill become effective immediately. (Attachment 3)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:00 a.m. on January 11, 1996.

Mark Beck, Director, Property Valuation Division, said they would support this bill with the amendment suggested by Mr. Clark. This would not leave a window for any length of time when counties could appoint appraisers who were neither licensed or certified by the appraisal board nor have the I.A.A.O. designation. He said they support the legislature's efforts to broaden the qualifications of county appraisers. (Attachment 4)

Senator Langworthy asked if this bill would restrict qualified appraisers in the state. She asked if this would be limiting and who would set the guidelines for the appraisers.

Mr. Clark explained the requirements and said the certification is really more doable than getting the license from the Real Estate Appraisal Board. He said many of the appraisers already have the certification and what would be needed would be the comprehensive exam. The guidelines would be set by the I.A.A.O.

Senator Langworthy asked about continuing education and Mr. Clark said this is required for recertification and more requirements in the continuing education will probably be added. Mr. Clark said he is a member of the professional committee of the I.A.A.O. Board and this has been discussed.

SB 431--MOTOR VEHICLE TAXATION; MOTORIZED BICYCLES; COMPUTATION OF TAX

Larry Clark, Kansas County Appraisers Association, said this bill would place the motorized bicycles under the "tax and tag" law. This is similar to a proposal which was before the Assessment and Taxation Committee last year. The bill also requires the county treasurers to calculate taxes for Recreational Vehicles, rather than the county appraisers. (Attachment 5)

The committee asked if the motorized bicycles were placed under this law, would the bicycles be required to have insurance.

Betty McBride, Director of Vehicles Administrative office, said their office would require insurance if the motorized bicycles were licensed under the "tax and tag" law.

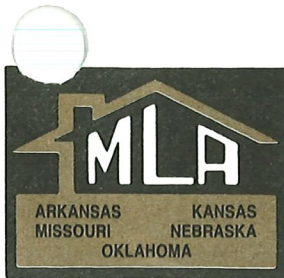
The meeting adjourned at 12:00 noon.

The next meeting is scheduled for January 16, 1996.

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: Jan 11, 1996

NAME	REPRESENTING
Kevin McFarland	Ks. Homes & Services for the Aging
Leslie Kaufman	Ks Farm Bureau
Carl Edwards	BOA
Tom Brown	Millers Assoc.
RICHARD RODEWALD	TAXPAYERS
John Federico	Pete McGill + Assoc
Christy Bailey	Senator Kaur
TIM KENNEDY	
JASON PITSONBERGER	BRAD SMITH
Betty McBride	KDOR
Rick Scheibe	KDOR
Jeff Brown	mis. on phone
Randy Clark	Ks County Appraisers
Bill Waters	KDOR - PVD
MARK BECK	PVD
S. Sicilian	KD of Revenue
Rod Broberg	Ks Co. Appraisers Assoc.



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MID-AMERICA LUMBERMENS ASSOCIATION

JANUARY 11, 1996

BILL REQUEST TO SENATE ASSESSMENT AND TAXATION COMMITTEE

Madame Chairperson, members of the Senate Assessment and Taxation committee, I am Art Brown representing the retail building material dealers in the State of Kansas through the Mid-America Lumbermens Association.

I ask this committee to consider implementation of a local-option use tax in the State of Kansas. This was a subject that was discussed during the interium with the Special Committee on Taxation. We pointed out at that time that there is a glaring impropriety between Kansas and Missouri in the collection of local-option use taxes. Quite simply, Missouri can collect this tax on goods sold from Kansas into Missouri, but there is no such tax policy in place for Kansas to capture such funding from Missouri businesses.

We simply ask for a level playing field in this area of tax policy and request that this committee look favorably upon implementing such a measure in Kansas.

I thank you for your time.



*Sen. Assess + Tax
Jan 11, 1996*

FEDERATED WITH THE NATIONAL LUMBER AND BUILDING MATERIAL DEALERS ASSOCIATION

attach 1-1

KANSAS COUNTY APPRAISERS ASSOCIATION

P.O. Box 1714
Topeka, Kansas 66601

To: Senate Assessment and Taxation Committee
From: Larry Clark, CAE
Subject: Senate Bill 429
Date: January 11, 1996

My name is Larry Clark and I am appearing before you today as a representative of the Kansas County Appraisers Association in support of Senate Bill 429.

Objectives:

- (1) Replace obsolete references to the county board of equalization with hearing officer or panel.
- (2) Clarify the ability of a county appraiser to audit personal property renditions.
- (3) Give the director of property valuation division the authority to extend the physical reinspection cycle in counties where the data base is sound.
- (4) Insure that copies of appeals that are filed to the state board of tax appeals are provided to the county appraiser.
- (5) Limit the number of years a property owner can file a grievance to three from the date property taxes become a lien on the property.
- (6) Extend the same privileges of payment under to protest to those whose taxes are paid by an escrow agent.

Changes:

- (1) K.S.A. 79-1412a is amended to substitute "hearing officer or panel" for the term "county board of equalization."
- (2) That same statute is further amended to require county appraisers to conduct specific property rendition audits.
- (3) K.S.A. 79-1476 is amended to require physical reinspection once every six years when the director of property valuation division is "satisfied that the appraisal data base of the county is being adequately maintained".
- (4) K.S.A. 79-1609 is amended by crossing out the word "clerk" after county and inserting the phrase "or district appraiser".
- (5) K.S.A. 79-1702 is amended by striking the current language which allows the county commission to extend the three year limitation by a unanimous vote.
- (6) K.S.A. 79-2005 is amended by adding the phrase "or in part" in section (a).

Background:

- (1) When legislation was passed requiring the substitution of the hearing officer or panel for the county board of equalization, the language in K.S.A. 79-1412a was not changed. This creates confusion in the minds of persons reading that statute by itself and is easily corrected with the proposed amendments.
- (2) Many county appraisers are concerned about the extent of their statutory authority to audit personal property renditions. The proposed amendment will make it clear that they have the authority and responsibility to discover and list all personal property.

*Sen. Assess + Tax
Jan 11, 1996
attach 2-1*

(3) One of the most expensive and time consuming phases of the reappraisal process is the collection of data in the field. In counties where the data has been well maintained through such things as reinspection of sales in an active market and a building permit system or systems which cover the entire county, the annual reinspection of 25% of the parcels is redundant. Including the initial inspection of parcels for the reappraisal, counties are now in the third cycle of such inspections, meaning homes that have not changed in fifty years have been measured three times. If they sold or the owner took out a building permit since 1986, they may have been measured four or more times. Property owners are complaining to county appraisers about this waste of tax money. The Appraisers Association would support a change to the statutes which would give the director of property valuation authority to extend the reinspection cycle under circumstances which would assure the director that the appraisal data base remains sound.

(4) Under current law, when property owners appeal the valuation of their property to the state board of tax appeals from an order of the hearing officer or panel, a copy of that appeal is filed with the county clerk. The county appraiser may not be aware that an appeal has been filed until the appeal is docketed by the state board of tax appeals and a hearing is scheduled. The proposed change would provide the earliest possible notice to the appraiser, who is the county official responsible for representing the county on the appeal.

(5) Under current law a property owner may file a grievance relative to virtually any tax year. If that tax year is more than three years from the beginning date of the current tax year, they must have unanimous consent of the board of county commissioners to proceed with that grievance. The proposed change brings this statute in line with changes made last session regarding penalties and escaped valuations.

(6) Federal regulations require escrow agents to make the number of property tax payments allowed by the local jurisdiction. This represents a change from the practice in place at the time 79-2005 was amended to allow taxpayers whose taxes were paid by such companies until January 31 of the following year to file a protest application. At that time most such companies paid all the property taxes on or before December 20. As a result of the change in regulations, some property owners who think they have until January 31 to file a protest will be denied a protest because their escrow agent paid only half the property tax bill, instead of the full amount currently required by statute. The proposed change will bring this group of taxpayers in line with others who are allowed to file a protest while paying only half the tax amount due.

KANSAS COUNTY APPRAISERS ASSOCIATION

P.O. Box 1714
Topeka, Kansas 66601

To: Senate Assessment and Taxation Committee
From: Larry Clark, CAE
Subject: Senate Bill 430
Date: January 11, 1996

My name is Larry Clark and I am appearing before you today as a representative of the Kansas County Appraisers Association in support of Senate Bill 430.

Objectives:

The objective of this bill is to allow the substitution of a professional mass appraisal designation for the licensing requirement for county appraisers.

Changes:

This bill amends K.S.A. 19-430 to require that persons applying for the position of county appraiser either have a current license from the real estate appraisal board or the CAE or RES designations from the International Association of Assessing Officers.

Background:

Following the savings and loan scandals of the 1980's, Congress put into place a requirement that any single property appraiser who performed an appraisal for the purpose of securing a federally insured loan in excess of a certain amount must be licensed. Boards were set up in each state to establish guidelines for getting and keeping those licenses and Kansas did just that.

The Appraisers Association supported a move to require county appraisers to have such a license when they are newly hired as a means of gaining credibility from the taxpaying public. However, the real estate appraisal board has, through their guidelines, made it nearly impossible for county appraisal staff to get a license through the normal course of their duties. Whereas a single property appraiser can satisfy the 2,000 hours of experience requirements by turning in copies of their normal work product, the mass appraisal product is not accepted by this board. Someone working in a county appraisal office is, therefore, required to either leave the county for the time it takes to satisfy the experience requirements or perform individual property appraisals on their own time.

Recognizing that the taxpaying public deserves a professional county appraisal staff and that there should be a reasonable means of attaining that goal, the Appraisers Association is proposing a substitute for the license. That substitute is a professional designation from the International Association of Assessing Officers. The table on the next page compares the requirements for the Certified Assessment Evaluator and Residential Evaluation Specialist designations with the general and residential licenses, respectively. The requirements are generally more stringent than those of the license. More important, however, is that the requirements pertain specifically to mass appraisal. County staff will not only be able to stay in their current employment, the training needed to satisfy the designation requirements will enhance their ability to do their jobs.

We respectfully request that the amendment proposed for K.S.A. 19-430 be adopted.

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attach 3-1

	General License	CAE Designation
Education	165 Classroom Hours	165 Classroom Hours IAAO Courses 1,2,4, 202 & 301, Standards and Ethics
Experience	2,000 Hours (2 Yrs) 1,500 Hours Single Property Appraisal	10,000 Hours 5 Years in Appraisal
Exam	Comprehensive Final	Comprehensive Final
Demonstration	None	Residential & Commercial

	Residential Real Estate Appraiser	Residential Evaluation Specialist (RES)
Education	75 Classroom Hours	135 Classroom Hours IAAO Courses 1,2,300,301 & Standards and Ethics
Experience	2,000 Hours (2 Yrs)	3,000 Hours (3 Yrs)
Examination	Comprehensive Exam	Comprehensive Exam
Demonstration	None	Residential Project

Mark S. Beck, Director
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Division of Property Valuation

MEMORANDUM

TO: Senator Audrey Langworthy, Chairman
Senate Assessment and Taxation Committee

FROM: Mark S. Beck, Director

DATE: January 11, 1996

SUBJECT: Senate Bill 430
Legislation Proposed by the Kansas County Appraiser's Association

Thank you for the opportunity to provide testimony regarding the legislation proposed by the Kansas Appraiser's Association.

Senate Bill 430 amends K.S.A. 19-430, which is an act relating to the qualifications and appointments of county appraisers.

The proposed amendment allows more flexibility in the qualifications required to be a county appraiser. The amendment allows an individual who has an real estate appraisal designation from the International Association of Assessing Officers (I.A.A.O.) to qualify for appointment as county appraiser.

I believe the proposed amendment is fair, necessary and appropriate. The I.A.A.O. designations are challenging, and are widely recognized and respected in the appraisal field, particularly mass appraisal.

Without this amendment, only individuals who have the following licenses or certifications issued by the Appraisal Board may fill a county appraiser vacancy: (1) a state licensed real property appraiser; (2) a certified general real property appraiser or (3) a certified residential real property appraiser. From and after July 1, 1997, only a person who is a certified general real property appraiser may fill a county appraiser vacancy. Current county appraiser are "grandfather" in and do not have to meet these qualifications.

The Division is very concerned about the small pool of appraisers who meet the qualification presently required by K.S.A. 19-430. Many county appraisers and appraisers working in the offices of county appraisers are finding difficult to obtain the licenses or certifications issued by the Appraisal Board. Recent regulations promulgated by the Appraisal Board restrict the number of hours of mass appraisal experience that may be applied towards attaining the certifications; thus,

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requiring county employed appraisers to do fee appraisals after hours and on weekends. Thus, an individual very experienced in mass appraisal may not qualify for the Appraisal Board certifications

I believe we would be denying counties the opportunity to appoint some very competent individuals without this legislation. I also believe that we may be unduly limiting the pool of available candidates for the office of county appraiser without this legislation, which could prove to be a real hardship on some counties.

Another concern I have is that as counties experience difficulties in recruiting and hiring appraisers with the Appraisal Board certifications and licenses, the Division is frequently called upon to staff county appraiser offices. The Division does not have the personnel and the resources to continue this kind of intensive support to counties with appraiser vacancies.

I concur in Mr. Clark's suggestion that the new language "[o]n and after July 1, 2001, on page 1, lines 32-33, should be removed. We have discussed this with Mr. Clark and agree that unless this language is removed it will create a window during which counties can appoint appraisers who are neither licensed or certified by the appraisal board nor have the I.A.A.O. designations. We strongly support the legislature's efforts to broaden the qualifications of county appraisers and believe that we should not turn back from those efforts. We believe SB 430 is an important step on the road to enhancing those qualifications while appropriately recognizing mass appraisal experience.

KANSAS COUNTY APPRAISERS ASSOCIATION

P.O. Box 1714
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To: Senate Assessment and Taxation Committee
From: Larry Clark, CAE
Subject: Senate Bill 431
Date: January 11, 1996

My name is Larry Clark and I am appearing before you today as a representative of the Kansas County Appraisers Association in support of Senate Bill 431.

Objectives:

- (1) Increase the efficiency of the taxation of motorized bicycles by placing them under the "tax and tag" statutes.
- (2) Require the county treasurer to calculate taxes, rather than the county appraiser.

Changes:

- (1) K.S.A. 79-5101 and 79-5105 are changed to include motorized bicycles as vehicles subject to taxation under the "tax and tag" statutes.
- (2) K.S.A. 79-5122 is amended to substitute treasurer for appraiser in section b.

Background:

(1) The so called "tax and tag" statutes have made collection of taxes on the vehicles included in them relatively easy, saving local jurisdictions thousands of dollars on annual discovery, listing and valuation costs. The amount of revenue collected from motorized bicycles is so small in most counties that local officials place a very low priority on their appraisal. Under the principles of fairness and equity, counties should be discovering, listing and valuing all taxable property. Placing this type of vehicle under the "tax and tag" statutes will increase the ability of local jurisdictions to accomplish that purpose.

(2) The property tax system in Kansas is structured so that the functions of appraisal, taxation and collection are divided. This creates checks and balances which the taxpaying public desires. Unfortunately, the statutes which changed the manner in which recreational vehicles are assessed and taxed blurred that separation by requiring appraisers to calculate taxes when they did not appear on the registration. It also tends to bounce taxpayers from one office to another, when a simple change will allow them to conduct the business of tagging their recreational vehicle in one stop.

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Attach 5-1