

Approved: 4-4-97
Date

MINUTES OF THE HOUSE COMMITTEE ON BUSINESS, COMMERCE & LABOR.

The meeting was called to order by Chairman Al Lane at 9:05 a.m. on March 17, 1997 in Room 526-S of the Capitol.

All members were present except: Rep. David Adkins - excused

Committee staff present: Jerry Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Bev Adams, Committee Secretary

Conferees appearing before the committee: Vernon McKinzie, McKinzie Pest Control
Jack Paradise, Jayhawk Plastics, Inc.
Hal Hudson, NFIB
Steve Brookner, Dun & Bradstreet
Judy Moler, Kansas Assn. of Counties
Gerald C. Frantz, Sedgwick County Appraiser
Marolin Kelly, KS Certified Real Property Appraiser

Others attending: See attached list

Continued Hearing on: **SB 227 - Confidentiality of financial information in the annual reports of business associations.**

Vernon McKinzie, owner of McKinzie Pest Control appeared before the committee in support of the bill. He believes that the requirement for privately held corporations to include their company balance sheet information is an infringement on the privacy of the owners and should not be required. (see Attachment 1)

Jack Paradise, Jayhawk Plastics, Inc., Olathe, Kansas, appeared as a proponent of the bill. He stated that 48 other states do not feel it's either necessary or proper for them to collect and disseminate confidential information on the businesses that support those states with their presence. (see Attachment 2)

Hal Hudson, State Director of the Kansas Chapter of the National Federation of Independent Business (NFIB), supports the enactment of the bill. He stated that many businesses have only family members as shareholders and the data required under current Kansas law provides information not only about the corporation, but also may reveal financial information about the family they would rather not have made public. (see Attachment 3)

Steve Brookner, District Manager, Dun & Bradstreet, testified as an opponent on behalf of Dun & Bradstreet. They believe that the citizens and commercial interests of Kansas are better served by the time-tested current statute than by the one that would result from eliminating the financial information filing requirement. (see Attachment 4)

Written testimony was passed out from Mark Lanzrath, Morgan Distribution of Shawnee Kansas, and Sharon Lima of Weber Carpet, Inc. Both letters opposed the legislation. (see Attachment 5 and 6)

No others were present to testify as an proponent or opponent of **SB 227**, and Chairman Lane closed the hearing on the bill.

Action on: **SB 136 - Allowing employers to perform criminal background checks on independent contractors.**

Rep Grant made a motion to pass out the bill favorably and to place it on the consent calendar. It was seconded by Rep. Wilson. The motion carried.

Action on: **SB 175 - Foreign corporations, applications to do business and annual reports.**
Rep. Wilson made a motion to pass out the bill favorably. It was seconded by Rep. Mason. The motion passed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON BUSINESS, COMMERCE & LABOR, Room 526-S
Statehouse, at 9:05 a.m. on March 17, 1997.

Action on: **SB 227 - Confidentiality of financial information in the annual reports of business associations.**

Rep. Mason made a motion to amend the bill. (see Attachment 7) It was seconded by Rep. Wilson. Rep. Grant made a substitute motion to recommend the bill for an Interim Committee study. It was seconded by Rep. Pauls. The substitute motion failed 4-9 on a called division of vote. The motion to amend passed.

A motion was made by Rep. Beggs to pass out the bill favorably as amended. It was seconded by Rep. McCreary. The motion carried.

Hearing on: **HB 2501 as amended by the House Business, Commerce and Labor Committee.**
(see minutes of March 13 and 14, 1997)

Judy Moler, General Counsel and Legislative Services Director for the Kansas Association of Counties, appeared to testify as a proponent of the bill. It would provide for three different ways by which county appraisers could be certified. County appraisers or potential county appraisers who meet one of the three certification standards could be appointed by the county commission to a four year term on July 1, 1997. If they did not qualify, there are other options that give them until July 1, 1999 to qualify for one of the three options. (see Attachment 8)

Gerald C. Frantz, Sedgwick County Appraiser appeared as an proponent of the bill. In his testimony, he stated that under the current law, together with appraisal certification requirements recently enacted by the Kansas Real Estate Appraisal Board, it is nearly impossible for Sedgwick County's appraisal staff members to aspire to becoming County Appraisers. The bill provides alternatives to the current law while not weakening the County Appraiser qualification standards. (see Attachment 9)

Marolin Kelly, Marolin Kelly Appraisals, appeared as an opponent of the bill. She feels that a county appraiser should have education and experience as required for a Kansas General Certified Appraiser. (see Attachment 10) She concluded her testimony by answering questions from the committee.

The hearing on HB 2501 will be continued tomorrow.

Chairman Lane adjourned the meeting at approximately 10:00 a.m.

The next meeting is scheduled for March 18, 1997.

**HOUSE BUSINESS, COMMERCE & LABOR COMMITTEE
GUEST LIST**

DATE: March 17, 1997

NAME	REPRESENTING
Rod Broberg	Kansas County Appraisers Assoc.
Joyce Baker	Johnson County Court
Judy Melin	Kansas Ass'n of Counties
B. La Peterson	Marion Co. & KCCA
PHIL WAGES	SECRETARY OF STATE
Melissa Wangemann	Sec. of State
WILLIAM FINIKS	TAXPAYER
Stan Sease	Taxpayer
J. H. H. H.	POS
Anne Spiess	Peterson Public Affairs Group
Stye Brookner	Dou & Bradstreet
MARIL BECK	KDOT
David Thornton	Thornton Appraisal Services
John Proffitt	ALLEGIANTE APPRAISAL
LeRoy Burk	Burk Appraisal Services
MAROLIN KELLY	MAROLIN KELLY APPRAISALS
John Peterson	Ks Government Consulting
HAL HUDSON	NFIB/KS
Rose Thera	wife of Rep Thera

HOUSE BUSINESS, COMMERCE & LABOR COMMITTEE
GUEST LIST

DATE: March 17, 1997 (cont.)

NAME	REPRESENTING
Willip Martin	Sedgewick County
GERALD FRASER	SEDEGWICK County
Alan Steppat	Pete McGuire & Associates
JACK PARADISE	JAYHAWK PLASTICS
Vernon McKinzie	McKinzie Pest Control
Terry Leatherman	KCCI
HOT BROWN	Mid-America Lumbermen



McKINZIE PEST CONTROL
A McKINZIE INC. COMPANY

DIRECT INQUIRIES TO:

- MPC EMPORIA INC. • 209 Commercial • Emporia, Kansas 66801 • (316) 342-4222
- MPC PARSONS INC. • 1612 Washington St. • Parsons, Kansas 67357 • (316) 421-2070
- MPC MANHATTAN INC. • 1129 Hayes Drive • Manhattan, Kansas 66502 • (913) 776-6063



14 March 1997

**Comments to House Business Commerce & Labor Committee
Senate Bill 227**

Good morning and thank you for the opportunity to appear before you today. My name is Vernon McKinzie. I am owner of McKinzie Pest Control, a small business with 16 employees. We have offices in Emporia, Manhattan and Parsons. Each location is a separate corporation.

I appreciate the opportunity to appear in support of S. B. 227 and urge your adoption of the bill. As I am sure you are aware, for a very small fee, current Statutes allow anyone who requests a copy of any corporate report in the Secretary of State's office to get the report unless the corporation has paid a special fee to file the confidential form.

Any person may go to the Secretary of State's office, pay the fee, and obtain the annual report of any corporation. If the reports for three consecutive years are obtained it is very easy to calculate the net profit and net worth of the corporation. I believe the requirement for privately held corporations to include their company balance sheet information is an infringement on the privacy of the owners and should not be required. Competitors, vendors or any one else should not be able to obtain such information without the corporation's permission.

Several years ago before we had the opportunity to file confidential reports my company was denied the purchase of insurance policies on the principal owners because Dunn & Bradstreet had given them credit information on another company with a similar name who just happened to have a less than creditable record. We did get it straightened out, but only after learning the reason for denial from the insurance company and having our bank, accountant and local agent verify the actual financial condition of our corporation. I do not know how many times incorrect information may have been disseminated about my company because of unrestricted access to the corporate records in the Secretary of State's office. In any case had S. B. 227 been enacted at that time, this could not have happened.

I believe any privately owned corporation has the right to privacy and should be able to control who is reviewing their financial statements. Your adoption of S. B. 227 will provide us such privacy and will prevent unauthorized access to my corporations' financial statements. I urge your adoption of the Bill.

If there are questions, I will try to respond. Thank You.

*Business Commerce
& Labor Committee
3/17/97
Attachment 1*



JAYHAWK PLASTICS, INC.

15285 South Keeler
Olathe, Kansas 66062

Phone (913) 764-8181

Fax (913) 764-5149

March 17, 1997

Testimony on SB 227-House Committee on Business Commerce & Labor

Mr. Chairman and Members of the Committee:

My name is Jack Paradise. My businesses are headquartered in Olathe and I live in Overland Park. Although some of you know me as the immediate past Chairman of the Kansas Chamber of Commerce & Industry (KCCI) I am testifying today as a Kansas business owner. KCCI has already provided testimony in support of Senate Bill 227.

My brother and I started Jayhawk Plastics, Inc., 23 years ago here in Kansas. Although we don't disclose financial details of our businesses, such as our sales and number of employees, we have grown every year over that time period. We do business in all 50 states and several foreign countries.

I have been involved in the issue before us today for over 10 years and in 1989 the legislature saw fit to bring Kansas almost into line with the rest of the United States. Current Kansas law treats a company's intimate financial information as "CONFIDENTIAL" provided that a company jumps through the following hoops:

1. The company must be aware that a legal vehicle exists, known as Secretary of State Form AC and variations thereof, whereby one's Balance Sheet is not available as public record.
2. The company must then secure this special form from the Secretary of State's Office...it doesn't come in the mail as the standard form.
3. The company must fill out form AC, pass a few simple tests and pay an additional \$20 in fees to the State.

No other state in the country has such a system. Only one other state even collects and distributes Balance Sheet information from its companies. The other 48 don't feel it's either necessary or proper for them to collect and disseminate confidential information on the businesses that support those states with their presence.

In the 1980's we opted to set up substantial amounts of our production facilities outside Kansas. This decision was based solely on the existence at that time of Kansas outdated "open records law". This cost us substantial amounts of money and also resulted in lost revenue and lost employment for Kansas. I'm sure there were many other companies who did likewise and many who chose not to locate in Kansas for the same reasons.

*Business, Commerce
& Labor Committee
3/17/97
Attachment 2*

So you may ask, why do we need to change the present law? There are many compelling reasons. I'll outline a few and the others testifying in support of this bill will provide more:

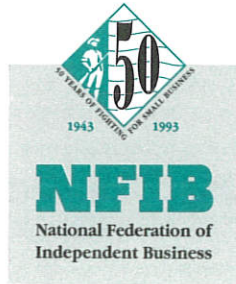
1. Many Kansas business owners still don't realize that their financial records are "open" in Kansas and are usually outraged when they are made aware of our present system. Much of this results from the fact that annual reports are routinely prepared and filed by a company's attorney or accountant most of whom are also unaware of our existing system. Some of these people have indicated that they have to do more work in filling out Form AC but they can't raise their fees charged.
2. The actual paperwork involved is a waste of money to both the company and the Secretary of State's office. The only beneficiaries under the present law are credit reporting companies like Dunn & Bradstreet, who love this system. I'd definitely be against SB 227 if the State were providing my business hundreds of thousands of dollars in research costs for a nominal fee. By the way, how do they get this information in the other 48 states? Why can't they do the same in Kansas?
3. Taxpayers, voters and most legislators are looking for ways to reduce government and unnecessary paperwork. This bill provides a means.
4. This information is not necessary to Kansas companies who want to make informed credit extension decisions. It is common business practice for us to give credit and banking references to those we choose and receive the same type of information from our customers when they so choose. It is not common business practice in 48 other states for someone to obtain and sell confidential financial data about a company against their will or without their knowledge.

Over the past 10 years I have asked hundreds of Kansas business owners if they favored having their financial data open to the public. The answer is always the same...ABSOLUTELY NOT. Since the change in the law in 1989, the number of companies becoming aware of and utilizing "FORM AC" has steadily increased to over 3,000. You may ask why aren't the other 70,000+ companies doing the same? There are two primary reasons. Second...a substantial number of companies are publicly held and this bill has no effect on them. First and foremost though is what I touched on earlier...most people simply aren't aware of today's system.

Lets save the rest of our Kansas companies the aggravation and expense inherent in the present system, and pass SB 227.

Thank you.

LEGISLATIVE



The Voice of Small Business

TESTIMONY

**Testimony of Hal Hudson
 Kansas State Director
 National Federation of Independent Business
 Before the
 House Business, Commerce & Labor Committee
 on
 on Senate Bill No. 227
 March 14, 1997**

Mister chairman and members of the Committee: Thank you for the opportunity to speak with you today. My name is Hal Hudson, and I am State Director for the Kansas Chapter of the National Federation of Independent Business.

I am here today to support the enactment of Senate Bill 227 -- which you could rename the Kansas Paperwork Reduction Act of 1997.

Elimination of the requirement to include such financial data as a balance sheet with the corporate annual report is a good move, of some importance to small businesses I represent. Over 80 percent of the members of NFIB/Kansas have 15 or fewer employees. Many of these firms are organized as either "C" or "S" corporations, with only family members as shareholders.

The data required under current Kansas law provides information not only about the corporation, but also may reveal financial information about the family they would rather not have made public. Yet, once this data is on file with the Secretary of State's office it is available to virtually anyone who requests it.

The Secretary of State's office has said collection of this data, corporate balance sheets, serves no useful purpose for the State of Kansas. In fact, it is filed away, and is not used by the Secretary of State's office except to respond to inquiries, generally from outside State government.

Elimination of the requirement to report balance sheet data would reduce the paperwork load on small business owners, and, at the same time reduce the workload of the Secretary of State's office.

I urge you to report SB 227 favorably and to support its enactment. Thank you.

*Business, Commerce
 & Labor Committee
 3/17/97
 Attachment 3*

Small Business Works
FOR AMERICA



Look for the label. Buy small business.

Every time you see this symbol on a shop window, a service truck, or a pasteboard box, you can be sure there's a small business owner working hard to make a living. Because our businesses are such a part of your life, you may not realize how much you rely on us.

Look around and you'll see us — we're your neighbors, friends, the people in the community who can be counted on to become a band booster or buy an ad for the football program. We work long hours because we feel a genuine responsibility for our families and our employees.

Even though we're standing strong against all

odds, we need your support. More than half of America's small businesses employ fewer than five people and 90% have fewer than 20 employees. Plainly stated, we count on your business for our survival.

Your patronage will be rewarded with personal attention, quality products and services at a fair price, and a genuine appreciation. Rally around those who keep the American dream alive by looking for the "Small Business Works" label and putting your money behind small businesses.

**Against all odds,
small business works for America.**

*This ad sponsored by NFIB members,
the Herndon and Merry Company.*



Thomas and Judy Herndon
Owners

Look for the small business label. Join the fight by calling 1-800-NFIB-NOW

3-2



Dun & Bradstreet

6800 College Blvd, Suite 400
Overland Park, KS 66211

Steve Brookner
District Manager
Tel: 913-491-3210
Fax: 913-339-6206

March 14, 1997

Al Lane, Chair
The House Commerce Committee
State House
Topeka, KS 66612

Re: Senate Bill 175 and Senate Bill 227

Dear Representative Lane and Committee Members:

Thank you for the opportunity to testify on behalf of Dun & Bradstreet and our more than 6000 associates in the United States and Canada; on behalf of our nearly 50 associates here in Kansas and finally on behalf of our hundreds of customers here in Kansas.

Since 1841, Dun & Bradstreet has been in the business of fostering the growth of American commerce.

That growth has been based, in large measure, on the extension of credit from one business to another. Emerging businesses, small businesses, and large businesses all rely on credit to grow and prosper.

For many years, the citizens of Kansas have required all corporations to report annually on their financial condition. This has been the quid pro quo for the twin privileges of limited liability and indefinite life. Without doubt, this has not only served to protect the citizenry from unscrupulous operators, but it has contributed to the economic growth of the state.

These bills will enable all corporations to withhold financial information from the public. In the process, it will inevitably delay and in many cases prevent the necessary flow of information required for informed decision making.

We believe that citizens who are considering a transaction with a corporation should be able to obtain some financial information about that business before extending unsecured trade credit, signing a contract, extending a loan, changing jobs or giving a deposit for work to be done.

*Business, Commerce
& Labor Committee*
3/17/97
Attachment 4

In 1989, the Kansas Legislature gave the Secretary of State the authority to place and maintain, in a confidential file, the financial information of a corporation that did not want its financial information made public, provided several conditions were met. These conditions protect the citizens of Kansas from companies that may have a negative net worth or that filed for bankruptcy. This procedure has worked well to date and need not be changed.

On balance, we believe that the citizens and commercial interests of Kansas are better served by the time-tested current statute than by the one that would result from eliminating the financial information filing requirement. We urge you to oppose these bills.

Sincerely,

A handwritten signature in blue ink that reads "S Brookner". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Steve Brookner

SB:sjr

4-2

10601 W. 79th Street
Shawnee, KS 66214
Morgan Distribution

913/631-8444

 A Morgan Products Ltd. Company

March 13, 1997

House Business, Commerce & Labor Committee
Rep. Al Lane

Mr. Chairman, members of Business, Commerce and Labor Committee, thank you for the opportunity to address you, via this correspondence, with regard to SB 227, the elimination of the financial statement from the Corporate Annual Report, filed with the Secretary of State's office.

I firmly oppose any changes in the present report. I have had occasion to use the financial information included in the report to make credit decisions. Briefly, let me describe one situation.

A company that wished to do business with us purported to pay their bills timely. The references that they furnished did not reveal any major problems. The financial statement on the Corporate Annual Report showed a negative net worth of \$953,000.00, a staggering figure. We declined to do business with them. It was not too long after this that the company filed Chapter 7 bankruptcy. We would have most probably had a major accounts receivable write-off had it not been for the information we obtained from the financial statement.

I understand that some have a concern about privacy. Personal privacy is not an issue, as a corporation is an artificial person. Publicly held corporations, such as Morgan Distribution's parent company, publish this information quarterly.

Once again, thank you for this opportunity to give you my views.

Sincerely,



Mark Lanzrath
Morgan Distribution

*Business, Commerce
& Labor Committee
3/17/97
Att. 5*



Office and Showroom
11496 Rogers Rd.
Olathe, KS. 66062
(913) 469-5430

Showroom
453 East Oldham Pkwy.
Lee's Summit, MO. 64063
(816) 524-5200

Showroom
634 NW Englewood Rd.
Kansas City, MO. 64118
(816) 469-9511

March 14, 1997

Mr. Al Lane, Chairperson
Kansas Senate

RE: Kansas Senate Bill 227

Dear Mr. Lane:

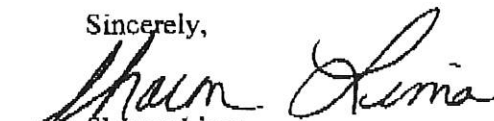
First of all, I apologize for the informal manner of this letter. I only learned of the proposed Senate Bill yesterday.

The purpose of this letter is to express my concern regarding the Senate Bill 227.

Our company's primary business is involved with the building industry, both residential and commercial. Fortunately, this business is thriving. As a result, I have a lot of new applicants wishing to purchase products and labor from our company. Obtaining financial information through the Secretary of State's office is one tool available to credit managers. Such information is kept in strict confidence by credit managers.

Hopefully, your committee will carefully analyze all information before making the final recommendation.

Sincerely,


Sharon Lima
Business Manager

*Business, Commerce
& Labor Committee
3/17/97
Attachment 6*

AMENDMENTS TO SB 227

1. The following language should be added to: 56-1a606(d); 56-1a607(d); 17-7503(c); 17-7504(c); 17-7505(b)(7); 17-7647(c); 17-7648(c); 17-2718(b).

One dollar of the annual franchise tax shall be deposited to the secretary of state's franchise tax fee fund.

2. The following NEW statute shall be added:

K.S.A. 75-443. Franchise tax fee fund.

There is hereby created in the state treasury the franchise tax fee fund. \$1 from each franchise tax payment made to the secretary of state pursuant to chapter 17 and 56 shall be deposited in the state treasury to the credit of the franchise tax fee fund.

*Business, Commerce
& Labor Committee
3/17/97
Attachment 7*



"Service to County Government"

TESTIMONY
HB 2501
by Judy Moler
Kansas Association of Counties
March 17, 1997

Thank you, Chairman Lane and Members of the Committee for the opportunity to speak to you on HB 2501. I am Judy Moler, General Counsel and Legislative Services Director for the Kansas Association of Counties.

The Kansas Association of Counties welcomes this opportunity to speak on the newly amended HB 2501. The Kansas Association of Counties has identified five primary legislative objectives for the 1997 legislative session. This issue...that of appraiser certification... is the NUMBER ONE PRIORITY of the KAC.

K.S.A. 19-430 currently requires all county appraisers to be certified by the Kansas Real Estate Appraisal Board (KREAB) as a General Certified Appraiser as of July 1, 1997. A county appraiser can be reappointed to a position that they hold as of that date without meeting the KREAB certification (grandfather clause). No one, however, can be newly appointed to a County Appraisal position without meeting the KREAB certification requirement. Prior to 1996 General Certification could be achieved by demonstrating 2000 hours experience in mass appraisal. In 1995 the KREAB through regulation changed license requirements to allow only 500 hours of mass appraisal experience to count toward the 2,000 hours required for General Certification. The other 1500 hours must be single property appraisal experience.

The majority of Kansas counties prohibit County Appraisal staff from performing single county appraisals for fee within their county. In addition, an appraiser working full time within their job would have little time to work single property appraisals. The result is that the 1500 hours of single property appraisal is difficult, if not impossible, for a County Appraiser or staff member to obtain. This leaves many counties in a CRITICAL situation on July 1, 1997.

At the time of the KAC Annual Meeting in November of 1996, the resolution of this issue was still being debated among commissioners and appraisers. A task force of county commissioners and appraisers was convened in order to resolve this dilemma.

*Business, Commerce
& Labor Committee
3/17/97
Attachment 8*

The result of this one day meeting, most of the language that is contained in the bill you have before you was agreed upon by this group. The language in that bill would provide for three different ways by which county appraisers can be certified. In addition to the current KREAB certification, appraisers could also be certified if they met the IAAO (International Association of Assessing Officers) designation for certification as well as having three years of mass appraiser experience. The third option for certification would be a new designation of "registered mass appraiser". There would be specific educational requirements for this certification as well as 2000 hours of mass appraisal experience required. County appraisers or potential county appraisers who meet one of the three certification standards could be appointed by the county commission to a four year term on July 1, 1997. Those who do not have any of the three certifications, but who have three years mass appraisal experience and are approved by PVD could be appointed for a two year term. This would give them until July 1, 1999, to qualify for one of the three options.

We appreciate this committee's help in helping assure qualified appraisers area available for all Kansas counties.

TESTIMONY TO THE
BUSINESS, COMMERCE AND INDUSTRY COMMITTEE
MARCH 17, 1997
GERALD C. FRANTZ
SEDGWICK COUNTY APPRAISER

- SEE MY EXPERIENCE AND EDUCATION (ATTACHED)
- NOTE: I AM A KANSAS "LICENSED" APPRAISER
- NOTE: I HAVE A COLLEGE DEGREE, 20 YEARS OF MASS APPRAISAL EXPERIENCE AND AN IAAO "CAE" DESIGNATION.
- WHILE I AM ELIGIBLE AND WILL BE REAPPOINTED AS THE SEDGWICK COUNTY APPRAISER, I WILL NOT BE ELIGIBLE TO BE APPOINTED AS A COUNTY APPRAISER TO ANY OTHER COUNTY IN KANSAS AFTER JULY 1, 1997
- BEING A CERTIFIED GENERAL APPRAISER HAS NO BEARING ON A COUNTY APPRAISER'S FITNESS FOR PERFORMING HIS OR HER DUTIES.
- SEDGWICK COUNTY HAS MANDATORY MINIMUM STANDARDS REGARDING JOB RELATED TRAINING AND EDUCATION FOR ITS ENTIRE APPRAISAL OFFICE STAFF (SEE ATTACHED).
- SEDGWICK COUNTY DOES NOT ALLOW ITS APPRAISAL STAFF TO PERFORM FEE APPRAISALS IN SEDGWICK COUNTY.
- UNDER CURRENT KREAB STANDARDS ASPIRANTS MUST PERFORM 1500 HOURS OF COMMERCIAL FEE TYPE INDIVIDUAL APPRAISALS IN ORDER TO QUALIFY FOR ITS "CERTIFIED GENERAL" CLASSIFICATION.
- CURRENT KREAB RULES EXCLUDE ANYONE ON OUR STAFF NOT CURRENTLY HOLDING THE "CERTIFIED GENERAL" CLASSIFICATION FROM QUALIFYING TO BE A COUNTY APPRAISER UNLESS THEY QUIT AND WORK 1500 HOURS AS A FEE APPRAISER.
- THE CURRENT KANSAS LAW AND KREAB STANDARDS DISCRIMINATE AGAINST QUALIFIED MASS APPRAISAL PROFESSIONALS.
- THE CURRENT KANSAS LAW AND KREAB STANDARDS PLACE SMALL COUNTIES AT AN EXTREME DISADVANTAGE. TO REPLACE OR HIRE A COUNTY APPRAISER UNDER THE 7/1/97 RULES A SMALL COUNTY WILL BE FORCED TO LOOK OUTSIDE OF ITS AREA TO FIND A KREAB "CERTIFIED GENERAL" APPRAISER AND WILL BE FORCED TO PAY MUCH MORE THAN CURRENT MARKET SALARIES WITH NO GUARANTEE THAT THE INDIVIDUAL IS OTHERWISE COMPETENT.
- WHILE THE APPRAISAL PRINCIPALS PRACTICED ARE IDENTICAL FOR BOTH, THE FUNCTIONS OF THE COUNTY APPRAISER AND THE FEE APPRAISER ARE OTHERWISE MUTUALLY EXCLUSIVE.
- THE ROLE OF THE KREAB IS TO OVERSEE AND REGULATE THE FEE APPRAISAL INDUSTRY. INDEED, FREE APPRAISERS ARE OFTEN PAID TO DISPUTE THE APPRAISED VALUES OF THE COUNTY APPRAISER.

*Business, Commerce
& Labor Committee
3/17/97
Attachment 9*

- ONE OF THE ROLES OF THE DEPARTMENT OF REVENUE IS TO OVERSEE AND REGULATE TAXATION IN THE STATE OF KANSAS.
- I BELIEVE THAT THE QUALIFICATIONS AND CONTINUING EDUCATION REQUIREMENTS FOR COUNTY APPRAISERS SHOULD BE MORE DEMANDING PARTICULARLY RELATING TO PROPERTY TAX LAW, OFFICE ADMINISTRATION AND MASS APPRAISAL TECHNIQUES.
- I BELIEVE THAT THERE SHOULD BE MINIMUM STANDARDS FOR ALL APPRAISAL STAFF IN THE COUNTY APPRAISER'S OFFICES.
- I BELIEVE THAT THE COUNTY APPRAISER AND HER/HIS STAFF SHOULD BE TAKEN OUT FROM UNDER THE POWER OF THE KREAB AND REGULATED BY THE DEPARTMENT OF REVENUE AND THE INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS.



MEMORANDUM

OFFICE OF THE APPRAISER

TO: ALL APPRAISAL OFFICE STAFF

FROM: GERALD C. FRANTZ

SUBJECT: NEW MINIMUM STANDARDS POLICY

DATE: FEBRUARY 06, 1997

As you are aware several Appraisers formed an independent Committee to address the issue of my policy on minimum standards. This committee reviewed the current policy and then proceeded to formulate a revised plan which was presented to me several weeks ago. After reviewing the committee's proposal and consulting with various staff members I have redefined our current policy. While much of the original policy remains intact I have incorporated parts of the committee's proposal.

I am still of the opinion that in order to ensure that our entire staff is knowledgeable in the field of Property Tax Assessment we **must** meet various educational goals. While I also believe that performance standards are important, I do not feel that they take the place of educational standards.

This revised policy will impact each and every staff member within the Appraiser's Office. **All staff members must meet minimum standards.** An employee who cannot meet a minimum standard may be reclassified or demoted to a position at a lower salary classification, if a vacant one exists at the time. The reclassification or demotion may result in a decrease in pay within a range of 8% to 20% depending on current range and step. If a vacancy at a lower position does not exist, the employee may be terminated.

The mandatory requirements for each level are listed on pages 3 through 8. Educational courses above the mandatory standard are voluntary. For employees that seek the opportunity to advance, standards for the position sought must be met before being eligible for promotion/reclassification. **Please be aware**, however, that unless otherwise stated in this policy, should an employee complete the standards for a given area above their present level it **does not mean** that you will automatically receive a promotion and/or an increase in pay. **First**, a vacant position must be available. **Second**, other

professional criteria will be evaluated as well as the completed standards. Meeting the standards **merely** allow an employee to be considered for a vacant position at the level the standards were met.

COURSE REQUIREMENTS:

Non-IAAO course requirements will be sponsored three times by the Appraiser's Office. Three Failures will constitute failure to meet the standard. IAAO courses will be paid for two times for IAAO members seeking a designation only. Any additional attempts to pass IAAO Courses will be paid for by the employee. The County Appraiser **must** authorize additional attempts.

The career ladder through the established standards will coexist with the policy (resolution) defined in the memo dated May 25, 1995. This policy states **that all staff members currently classified as Appraiser I's will be reclassified as Appraiser IIs upon completing the State Eligibility Exam. In addition, all Appraiser IIs who have five years or more experience will be reclassified as Appraiser IIIs upon successful completion of the State Eligibility Exam and completion of their Professional Designation Program (CAE, PPS, AAS, or CMS).** In addition, a person may be chosen for an Appraiser III position by passing the State Eligibility Exam and by going through an interview process where additional characteristics would be considered such as prior job performance, actual educational level, specific job skills, etc.

The information on pages 3 through 8 shows the **mandatory educational requirements** at each level. The report is broken into either Administrative/Support positions, or Appraiser Operation positions.

There are **four** main areas for each different job defined as follows:

1. **Employee Type**--either a new hire or current employee.
2. **Timing**--The amount of time allowed to meet the mandatory standards.
3. **Range**--The **current** classification level of the employee
4. **Mandatory Requirements**--Courses, seminars, and exams that must be successfully completed to meet the standards at each level.

ADMINISTRATIVE/SUPPORT (ALL POSITIONS)

<u>EMPLOYEE TYPE</u>	<u>TIMING</u>	<u>RANGE</u>
**New Hire	42 months	15 or lower
Current Employee	42 months	15 or lower
	(to be completed by 7/1/2000)	

MANDATORY REQUIREMENTS:

ASSESSMENT ADMINISTRATION CERTIFICATION LEVEL I -
In-House Introduction to Appraisal
In-House Legal Description
Kansas Property Tax Law
In-House Personal Property

<u>Employee Type</u>	<u>Timing</u>	<u>Range</u>
**New Hire	42 months	16
Current Employee	42 months	16
	(to be completed by 7/1/2000)	

MANDATORY REQUIREMENTS:

ASSESSMENT ADMINISTRATION CERTIFICATION II:
In-House Introduction to Appraisal
In-House Legal Description
Kansas Property Tax Law
In-House Personal Property
In-House Assessment Administration

CONT. ADMINISTRATIVE/SUPPORT POSITIONS

<u>EMPLOYEE TYPE</u>	<u>TIMING</u>	<u>RANGE</u>
**New Hire	42 months	17 or higher
Current Employee	(to be completed by 7/1/2000)	17 or higher

MANDATORY REQUIREMENTS:

ASSESSMENT ADMINISTRATION CERTIFICATION LEVEL III -

- In-House Introduction to Appraisal
- In-House Legal Description
- Kansas Property Tax Law
- In-House Personal Property
- In-House Assessment Administration
- In-House Cost Approach
- In-House Market Approach
- In-House Income Approach

APPRAISER OPERATIONS

APPRAISER I--REAL ESTATE

<u>EMPLOYEE TYPE</u>	<u>TIMING</u>	<u>RANGE</u>
**New Hire	42 months	17
Current Employee	Current Time Frame	17

MANDATORY REQUIREMENTS:

(OPTION A)

IAAO Course I

IAAO Course II

In-House Personal Property

Kansas Property Tax Law

In-House Legal Description

(OPTION B)

AAC Level III (See page 4)

(OPTION C)

PVD Eligibility Exam (Plus Kansas Property Tax Law and Legal Description)

APPRAISER I - - PERSONAL PROPERTY

<u>EMPLOYEE TYPE</u>	<u>TIMING</u>	<u>RANGE</u>
**New Hire	42 months	17
Current Employee	Current Time Frame	17

MANDATORY REQUIREMENTS

(OPTION A)

IAAO Course I

IAAO Course II

IAAO Course V

Kansas Property Tax Law

In-House Legal Description

(OPTION B)

AAC Level III (See page 4)

(OPTION C)

PVD Eligibility Exam (Plus Kansas Property Tax Law and Legal Description)

CONT. APPRAISER OPERATIONS

APPRAISER I—MAPPING

<u>EMPLOYEE TYPE</u>	<u>TIMING</u>	<u>RANGE</u>
**New Hire	42 months	17
Current Employee	Current Time Frame	17

MANDATORY REQUIREMENTS:

(OPTION A)

IAAO Course I

IAAO Course II

IAAO Course VI

Kansas Property Tax Law

In-House Legal Description

(OPTION B)

AAC Level III (See Page 4)

(OPTION C)

PVD Eligibility Exam (Plus Kansas Property Tax Law and Legal Description)

*(16 or lower can be employees not currently working in Appraiser Operations.)

APPRAISER II—REAL ESTATE

<u>EMPLOYEE TYPE</u>	<u>TIMING</u>	<u>RANGE</u>
**New Hire	12 months	19
Current Employee	Current Time Frame	19

MANDATORY REQUIREMENTS:

(OPTION A)

All Appraiser I – Real Estate Requirements

IAAO Course IV or In-House Equivalent

IAAO Course 310 or 320 or Equivalent

PVD Eligibility Exam (Plus Kansas Property Tax Law and Legal Description)

CONT. APPRAISER OPERATIONS

APPRAISER II—PERSONAL PROPERTY

<u>EMPLOYEE TYPE</u>	<u>TIMING</u>	<u>RANGE</u>
**New Hire	36 months	19
Current Employee	Current Time Frame	19

MANDATORY REQUIREMENTS:

(OPTION A)

All Appraiser I - - Personal Property Requirements
IAAO Course IV or In-House Equivalent
Personal Property Approved Elective
Course 310 or 320 or In-House Equivalent
PVD Eligibility Exam (Plus Kansas Property Tax Law and Legal Description)

APPRAISER II—MAPPING

<u>EMPLOYEE TYPE</u>	<u>TIMING</u>	<u>RANGE</u>
**New Hire	36 months	19
Current Employee	Current Time Frame	19

MANDATORY REQUIREMENTS:

(OPTION A)

All Appraiser I - - Mapping Requirements
Approved Mapping Elective
IAAO Course IV or In-House Equivalent
In-House Mass Appraisal/Statistics
PVD Eligibility Exam (Plus Kansas Property Tax Law and Legal Description)

CONT. APPRAISER OPERATIONS

APPRAISER III—REAL ESTATE, PERSONAL PROPERTY OR MAPPING

<u>EMPLOYEE TYPE</u>	<u>TIMING</u>	<u>RANGE</u>
**New Hire	12 months	21 or higher
Current Employee	Current Time Frame	21 or higher

MANDATORY REQUIREMENTS:

Appraiser II Requirements
Standards & Ethics
IAAO CAE/PPS/AAS/CMS Designation or Merit

**New Hire - Employee hired for the first time in the Appraiser's Office.

COURSE EQUIVALENTS:

- IAAO I Course Equivalent In-House Intro to Appraisal
In-House Cost Approach
In-House Market Approach
- IAAO II Equivalent In-House Income Approach
- IAAO 310 or 320 Equivalent In-House Mass Appraisal/Statistics or
IAAO Course 301 or 302
- IAAO IV Equivalent In-House Assessment Administration
- IAAO V Equivalent In-House Personal Property

(If you are not seeking a professional designation through IAAO you will need to take the In-House equivalent courses unless otherwise approved by Administration.)

GERALD FRANTZ
MASS APPRAISAL EXPERIENCE

- 1/77 - 1/79 - PRC JACOBS - ERIE COUNTY, NEW YORK - RESIDENTIAL DATA COLLECTION, COMMERCIAL DATA COLLECTION AND DATA COLLECTION SUPERVISION, INDUSTRIAL COSTING (MARSHALL-SWIFT), RESIDENTIAL NEIGHBORHOOD DELINEATION, RESIDENTIAL FINAL REVIEW (325,000 PARCELS).
- 1/79 -6/79 - COLE-LAYER-TRUMBLE CO., CLEVELAND, OHIO - MAJOR COMMERCIAL PROPERTY VALUATION
- 6/79 - 5/80 - CLT - RESIDENTIAL AND COMMERCIAL HEARINGS, SEVERAL COUNTIES AND CITIES IN EASTERN NEW YORK AND WESTERN MASS.
- 5/80 - 10/80 - ONE MAN REVALUATION PROJECT - CHILLMARK, MASS. (900 PARCELS)
- 10/80 - 12/81 - PROJECT MANAGER - CLT - YARMOUTH , MASS (16,000 PARCELS)
- 1/81 -6/83 - CLT - ROCHESTER, N.Y. - DIRECTOR OF RESIDENTIAL APPRAISAL (150,000 PARCELS).
- 6/83 - 1/85 - CLT - HOUSTON, TEXAS - COORDINATOR OF PHASE III OF HARRIS COUNTY REVALUATION (350,000 PARCELS)
- 1/85 - 9/94 - HARRIS COUNTY APPRAISAL DISTRICT (HOUSTON, TX.) DIRECTOR OF FIELD OPERATIONS, DIRECTOR OF APPRAISAL SYSTEMS, DIRECTOR OF MARKET ANALYSIS AND RESEARCH, DIRECTOR OF COMMERCIAL APPRAISAL OPERATIONS (1,200,000 PARCELS)
- 9/94 - PRESENT - SEDGWICK COUNTY APPRAISER - WICHITA, KS. (185,000 PARCELS)
- LICENSED REAL ESTATE SALESMAN SINCE 1986 - TEXAS)
- REAL ESTATE BROKER - SINCE 1990 - TEXAS
- KANSAS REAL ESTATE APPRAISAL BOARD LICENSED SINCE 1994
- IAAO - CERTIFIED ASSESSMENT ADMINISTRATOR (CAE) DESIGNATION - SINCE SEPTEMBER 1996.
- BACHELORS DEGREE FROM THE UNIVERSITY OF HOUSTON - ECONOMICS (1995)



SEDGWICK COUNTY, KANSAS

OFFICE OF THE APPRAISER

TO: MEMBERS OF THE HOUSE TAX COMMITTEE

FROM: THE SEDGWICK COUNTY BOARD OF COMMISSIONERS

SUBJECT: SUPPORT FOR S.B. 142

DATE: MARCH 11, 1997

The Sedgwick County Board of Commissioners urges your support of S.B. 142. We request that it be passed out of the House Tax Committee with a positive recommendation.

The current K.S.A. 19-430, together with the appraisal certification requirements recently enacted by the KREAB, make it nearly impossible for Sedgwick County's appraisal staff members to aspire to becoming County Appraisers. That law and the KREAB requirements also place an unfair economic burden on smaller counties.

S.B. 142 provides alternatives to the current law while not weakening the County Appraiser qualification standards.

We appreciate your support on this issue


Chairman, Tom Winters


Commissioner, Mark F. Schroeder


Commissioner, Melody C. Miller


Commissioner, Betsy Gwin

9-12

MAROLIN KELLY APPRAISALS

1816 S. Stacey Ct.
Wichita, KS 67207
316-685-2137
Fax 316-685-0648

TO: HOUSE BUSINESS, COMMERCE & LABOR COMMITTEE
FROM: MAROLIN KELLY, KS CERTIFIED REAL PROPERTY APPRAISER
SUBJECT: HOUSE BILL #2501

Representative Lane and House Business, Commerce & Labor Committee:

Thank you for the opportunity to testify. I am appearing at my own volition as a self employed fee appraiser and tax payer and not in the interest of an organization.

The area of House Bill 2501 that I oppose are the requirements for qualification for County Appraisers. A County Appraiser should have education and experience as required for a Kansas General Certified Appraiser.

A designation from an appraisal organization such as International Association of Assessing Officers is certainly to be commended, but, not as the only qualification for the position of County Appraiser. This is the equivalent of a designation from an organization such as National Association of Independent Fee Appraisers or Appraisal Institute for fee appraisers. These designations certainly cannot be used to become State Certified fee appraisers.

I, as a fee appraiser doing appraisals for lending institutions and individuals requiring appraisals for various reasons, am regulated and governed by the Kansas Real Estate Appraisal Board and Uniform Standards of Professional Appraisal Practice. County Appraisers should be held to equally high standards which are governed by the State and Federal governments---not private organizations.

It is against taxpayers interests in the event of a charge against a County Appraiser, of having to deal with an organization of the County Appraiser's peers rather than a governmental agency such as the Appraisal Board.

A County Appraiser has a very critical responsibility to the tax payers in being capable of valuing their property fairly and should be held to high standards.

Again, I appreciate the opportunity to discuss this important matter with the committee and will be happy to answer any questions which the committee has.

*Business, Commerce
& Labor Committee
3/17/97
Attachment 10*