

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 9:03 a.m. on March 18, 1997 in Room 526-S of the Capitol.

All members were present except: Rep. Dennis Wilson - excused

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

Conferees appearing before the committee: Linda Peterson, Marion County Commissioner
Rep. Gwen Welshimer
Rod Broberg, Saline County Commissioner
Leroy Burke, Neosho County Appraiser
Joyce Coker, Johnson County
Doyle Alcorn, Jewell County Commissioner
Alan Steppat, Kansas Legislative Policy Group
Mark Beck, Kansas Real Estate Board
Chip Winslow, Kansas State Board of Technical Professions

Others attending: See attached list

A letter concerning SB 175 and SB 227 addressed to Rep. Lane from Melissa Wangemann, Deputy Assistant Secretary of State, was handed out to the committee. (see Attachment 1)

Continued Hearing on: HB 2501-as amended by the Business, Commerce and Labor Committee

Linda Peterson, Marion County Commissioner and President of the Kansas County Commissioner Association, appeared as a proponent of the bill, and gave a short history of the purpose of the bill. On July 1, 1997, County Appraisers must be recertified. Present County Appraisers are grandfathered in, but can't move and be licensed in another county. She stated that County Appraisers are finding it hard to comply with the current requirements of recertification. The bill allows two additional certifications that they feel would solve the problems. (see Attachment 2) She finished her testimony by answering questions from the committee.

Rep. Gwen Welshimer appeared as an opponent to the bill. In her testimony she explains how this bill concerns reappraisal which began in 1985 and has had serious, ongoing problems to this day. The Legislature is still being pressured by the Court to bring county appraisals into compliance with the statute. The Legislature has tried to improve the image and the work product of county appraisers by requiring them to be state "certified" or "licensed" under the Real Estate Appraisal Board. Under the Kansas State Certified and Licensed Real Property Appraisers Act, KSA 58-4109, the Real Estate Appraisal Board is charged with adopting rules and regulations to assure that the education, experience, and examinations provide confidence in the applicant's ability to perform appraisals within the scope of their practice. Out of the 105 counties, only 46 county appraisers have met these requirements. She feels that the county appraisers should be able to gain the hours to be certified and licensed under the law as it is now. Included in her attachment is an amended Journal Entry and a consent Agreement and Order that she received from Judge Bullock concerning the statewide property valuation system compliance with article 11, section 1 of the Kansas Constitution. (See Attachment 3)

Rep. Welshimer also brought written testimony from David Thornton. (See Attachment 4)

Rod Broberg, Kansas County Appraisers Association and Saline County Commissioner, appeared as a proponent of the bill. The purpose of the bill is to provide individuals who desire to become County Appraisers with reasonable avenues to become qualified. His Board feels that SB 142 in its original form was the best solution to their current problem but the bill as amended by the Senate would also be acceptable. (See Attachment 5)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON BUSINESS, COMMERCE & LABOR, Room 526-S
Statehouse, at 9:03 a.m. on March 18, 1997.

Written testimony was passed out from Stan Sease, an opponent of the bill. He was unable to return today. (See Attachment 6)

The testimony of William E. Fuiks, JO CO Taxpayers Group, Inc. was handed out to the committee. He is an opponent of the bill and could not return today. (see Attachment 7)

John Proffitt, Allegiant Real Estate Appraisal Services, an opponent of the bill, was unable to return today but left his testimony to be passed out. (see Attachment 8)

Leroy Burke, Neosho County Appraiser, appeared as an opponent of the bill. He feels that county appraisers have had four years to attain certifications and some of them chose not to go through additional training, testing, etc. to attain certification. He is not convinced that lowering standards or eligibility requirements will help County Appraisers perform their duties efficiently or effectively. He feels that the bill in its present form could be detrimental not only to Kansas counties but to taxpayers as well. (see Attachment 9)

He also brought a letter from Elysa K. Lovelady, Greenwood County Appraiser to pass out to the committee. (see Attachment 10)

Joyce Coker, Johnson County Intergovernmental/Community Relations Coordinator, appeared as a proponent of the bill. She deferred her testimony time to Mr. Doyle, who had driven a longer distance. In her written testimony she states that the bill proposes three specific methods through which appraisers can be certified as defined in KSA 19-430. (see Attachment 11)

Doyle "Hooley" Alcorn, Jewell County Commissioner, appeared as a proponent of the bill. His county has an appraiser problem. They feel that if the qualifications were lowered to those contained in the bill, they would have an easier time finding an appraiser. It might help in an appraisers decision to move to and work in the smaller counties. (see Attachment 12)

Alan Steppat, Kansas Legislative Policy Group, appeared as a proponent of the bill. He brought written testimony from Harold Rickers, County Commissioner from Meade County. (see Attachment 13)

Mark Beck, Kansas Real Estate Board, spoke from the audience in reply to the several references made to Judge Bullock's decisions. He stated that he had had a meeting with Judge Bullock about two weeks ago. The Judge was updated concerning legislation, including SB 142, and he commented favorably on the bill. Mr. Beck said there were no written notes, but he furnished the committee with a summary of the meeting written by Laura E. Johnson. (see Attachment 14)

No others were present to testify for or against the bill, and Chairman Lane closed the hearing on the bill.

Hearing on: **HB 2509 - Board of technical professions, changing the board name, fee limits, reciprocity licenses, regulation of certain practices.**

Chip Winslow, Landscape Architect Member of the Kansas State Board of Technical Professions, appeared as a proponent of the bill. The board in its annual review of the statutes and rules and regulations that the Board operates under has determined that the proposed changes contained in this bill are needed and must take place as soon as possible. It contains updating of current language to provide a positive public identity, a more equitable fee structure, and allows flexibility in the Board's staffing structure. (see Attachment 15)

Chairman Lane announced that the hearing on the bill would be continued tomorrow.

The meeting adjourned at 10:02 a.m.

The next meeting is scheduled for March 19, 1997.

Ron Thornburgh
Secretary of State



2nd Floor, State Capitol
300 S.W. 10th Ave.
Topeka, KS 66612-1594
(913) 296-4564

STATE OF KANSAS

March 14, 1997

The Honorable Al Lane, Chairman
House Business, Commerce and Labor Committee
Room 115S, State Capitol
Topeka, KS 66612

Re: SB 175; Foreign Corporation Applications

Dear Representative Lane:

Following today's hearing on SB 175 and SB 227, I want to clarify a point that was not made during the hearing on the first bill, SB 175, pertaining to foreign corporation applications. I thought the historical background to this bill might be helpful to the committee.

Current law requires a foreign corporation to submit a balance sheet with its application to qualify in the state of Kansas. This is not to be confused with SB 227, which pertains to balance sheets as part of the annual report. The foreign application is a one-time filing; therefore the balance sheet is a snapshot of the corporation's financial information for that one moment in time. The information probably becomes outdated fairly quickly. I don't believe any one would want to rely on the balance sheet filed with a foreign application submitted 20 years ago.

I believe the reason for the balance sheet on the foreign corporation application is based in old statutory law that required the charter board to determine a foreign corporation's solvency before granting it authority to do business in Kansas. This requirement was eliminated from the corporate code by legislation in 1972 and 1987. In 1972, the corporate code was adopted, which eliminated the review of foreign corporations by the charter board. The 1987 legislation eliminated the requirement that the foreign corporation's balance sheet show that "the capital of the corporation is unimpaired. . . ." Because the solvency of the corporation is no longer reviewed to determine whether the corporation's capital is impaired, the submission of the balance sheet is unnecessary.

I have enclosed a copy of the 1987 Session Laws that shows the stricken language in paragraph 7. Also, I have enclosed a copy of K.S.A. 17-503 from the 1961 General Statutes book that required the state charter board to make "special inquiry with reference to the solvency of such corporation." Also enclosed is a copy of an Attorney General Opinion addressing the issue and

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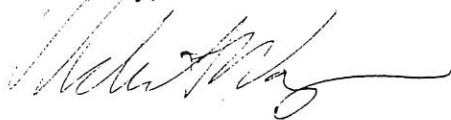
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& Labor Committee
3/18/97
Attachment 1

referring to the balance sheet as the vehicle for determining whether the corporation's capital is impaired. I think these documents help explain the purpose of the balance sheet in the foreign corporation application, and why it is no longer necessary.

If you have any questions please feel free to call me at 296-⁴3801.

Sincerely,



Melissa A. Wangemann, Legal Counsel
Deputy Assistant Secretary of State

MAW/hs

Encl.

Article 4.—STATE CHARTER BOARD

17-402. [G. S. 1949, § 17-402; Repealed, L. 1953, ch. 125, § 12; June 30.]

History of section reviewed in determining who must file capital stock return. Runbeck v. Peterson, 177 K. 314, 322, 279 P. 2d 233.

17-403. [G. S. 1949, § 17-403; Repealed, L. 1953, ch. 125, § 12; June 30.]

Article 5.—FOREIGN CORPORATIONS

17-501. Application to engage in business; contents; service of process; resident directors. Any corporation organized under the laws of any other state, territory, or foreign country, and seeking to do business in this state, shall make application to the state charter board, upon blank forms supplied by the secretary of state, for authority to engage in business in this state as a foreign corporation. Such application shall set forth: (1) A certified copy of its charter or articles of incorporation. (2) The place where the principal office of the corporation is located. (3) The place where the principal office or place of business in this state is to be located. (4) The full nature and character of the business the corporation proposes to conduct in this state. (5) The name and address of each of the officers, trustees or directors of the corporation. (6) A statement as to when the corporate existence of the corporation will expire in the state of incorporation. (7) A detailed statement of the assets and liabilities of the corporation. (8) The location of the registered office of the corporation in this state and the name of its resident agent in charge thereof, which application shall be subscribed and sworn to by the president or a vice-president and the secretary or an assistant secretary of the corporation. Such application shall be accompanied by the written consent of the corporation, irrevocable, that actions may be commenced against it in the proper court of any county in this state in which a cause of action may arise or in which the plaintiff may reside by the service of process on the secretary of state, and stipulating and agreeing that such service shall be taken and held, in all courts, to be as valid and binding as if due service had been made upon the president and secretary of the corporation, and shall be executed by the president or a vice-president and secretary or an assistant secretary of the company and authenticated by the seal thereof, and shall be accompanied by a duly certified copy of the order or resolution of the board of directors, trustees or managers of the corporation authorizing the said secretary or an assistant secretary and president or a vice-president to execute the same: Provided, however, That all corporations created and existing under the laws of a state or states other than the state of Kansas and engaged in business in the state of Kansas, under a permit from said last mentioned state, a majority of whose property, real or personal, or both, being located in the state of Kansas, and the majority of whose business is conducted or transacted in the state of Kansas, have and maintain upon its board of directors, from and after the taking effect of this act, not less than two directors who shall be residents and citizens of the state of Kansas, during the term of their said office as directors. [G. S. 1949, § 17-501; L. 1953, ch. 125, § 1; L. 1955, ch. 136, § 1; April 13.]

Note: Referred to in § 17-2030.

Section compared with G. S. 1949, 17-504; service hereunder held valid. Kaw Valley Produce Co. v. Railways Ice & Service Co., 176 K. 312, 314, 315, 316, 317, 269 P. 2d 1038.

Publication service on foreign corporation in tax foreclosure proceeding held proper. Phillips Petroleum Co. v. Moore, 188 K. 482, 488, 489, 297 P. 2d 183.

Noncompliance herewith; "doing business" in state; service under § 17-509 proper. Toedman v. Nooter Corporation, 180 K. 703, 708, 308 P. 2d 138.

Statute of limitations not available to foreign corporation, when. Brown v. Westport Finance Company, 145 F. Supp. 265, 268.

17-503. Certificate of authority; requirements; fees; certified copies of application; recordation. The state charter board, in passing upon the application of a foreign corporation, shall make special inquiry with reference to the solvency of such corporation, and for this purpose may require such information and evidence as they may deem proper. If they shall determine that the corporation is organized in accordance with the laws of the state, territory or foreign country under which it is incorporated, that its capital is unimpaired, and that it is organized for a purpose for which a domestic corporation may be formed, the application shall be granted, and the approval of the charter board endorsed thereon, and, upon the payment of the fees provided by this act to be paid, the application shall be filed in the office of the secretary of state, and the secretary of state shall issue a certificate setting forth the fact that the application of the corporation has been approved by the charter board and that such corporation is authorized to engage in business in this state. The secretary of state shall issue to the corporation a certified copy of the approved application under his hand and seal of office, and said certified copy shall be recorded in the office of the register of deeds of the county where the registered office of said corporation is to be located in this state. [G. S. 1949, § 17-503; L. 1953, ch. 125, § 2; June 30.]

17-504. Venue of actions; summons; costs; record. An action against a corporation organized under the laws of any other state, territory, or foreign country, and doing business in this state, may be brought in the county where the cause of action arose or in which the plaintiff may reside. The summons shall be directed to the secretary of state, and shall require the defendant to answer by a certain day, not less than forty (40) days nor more than sixty (60) days from its date. Said summons shall be forthwith forwarded by the clerk of the court to the secretary of state, who shall immediately forward a copy thereof to the registered office of the corporation sued; and thereupon the secretary of state shall make return of said summons to the court whence it issued, showing the date of its receipt by him, the date of forwarding such copy, the name and address of the person to whom he forwarded said copy, and the costs for service and return thereof, which in each case shall be two dollars and fifty cents (\$2.50). Such return shall be under his hand and seal of office, and shall have the same force and effect as a due and sufficient return made by the sheriff on process directed to him. The secretary of state shall keep a suitable record book, in which he shall docket every action commenced against a foreign corporation as aforesaid. This record shall show the court in which the suit is brought, the title of the case, the time when commenced, the date and manner of service, and the date of payment of the fee taxed as costs in the case. [G. S. 1949, § 17-504; L. 1955, ch. 136, § 2; April 13.]

Section not complied with; service properly quashed. Butler County Comm'rs v. Black, Sivalls & Bryson, Inc., 169 K. 225, 226, 227, 217 P. 2d 1070.

Method prescribed for service hereunder not exclusive, when; statutes construed. Groat v. Shallow Water Refining Co., 173 K. 346, 349, 350, 351, 352, 353, 245 P. 2d 1208.

same effect as other deeds. Corporations likewise shall have power to convey by an agent or attorney so authorized under letter of attorney or other instrument containing a power to convey real estate or any interest therein, which power of attorney shall be executed by the corporation in the same manner as herein provided for the execution of deeds or other instruments of conveyance.

Sec. 2. K.S.A. 17-7301 is hereby amended to read as follows: 17-7301. (a) As used in this act, the words "foreign corporation" ~~means mean~~ a corporation organized under the laws of any jurisdiction other than this state.

(b) No foreign corporation shall do any business in this state, through or by branch offices, agents or representatives located in this state, until it ~~shall have~~ has filed in the office of the secretary of state of this state an application for authority to engage in business in this state as a foreign corporation. Such application shall be filed in accordance with K.S.A. 17-6003 *and amendments thereto* and shall set forth:

(1) A certificate issued within ~~thirty (30)~~ 90 days of the date of application by the proper officer of the jurisdiction ~~wherein~~ *where* such corporation is incorporated attesting to the fact that such corporation is a corporation in good standing in such jurisdiction;

(2) the ~~place where~~ *address of* the principal office of the corporation is located;

(3) the ~~place where~~ *address of* the principal office or place of business in this state is to be located, *if known*;

(4) the full nature and character of the business the corporation proposes to conduct in this state;

(5) the name and address of each of the officers, *and* trustees or directors of the corporation;

(6) a statement as to when the corporate existence of the corporation will expire in the state of incorporation;

(7) a detailed statement of the assets and liabilities of the corporation, as of a date not earlier than ~~six (6)~~ 12 months prior to the filing date, ~~showing that the capital of the corporation is unimpaired; and;~~

(8) the location of the registered office of the corporation in this state and the name of its resident agent in charge ~~thereof.~~ *of the registered office; and*

(9) *the date on which the corporation commenced, or intends to commence, doing business in this state.*

Corporations

Chapter 17

OPINION (63-52), July 15, 1963, to Honorable Paul R. Shanahan, Secretary of State, State House

Re: CORPORATIONS—Foreign—Admissions Requirements for

QUESTION: G. S. 1961 Supp., 17-503, requires the Charter Board to determine if a foreign corporation's "capital is unimpaired" and to inquire as to the solvency of such a corporation before authorizing it to transact business in Kansas. What standard is the Charter Board to apply in determining a corporation's solvency and whether its capital is unimpaired?

ANSWER: If the corporation's assets exceed its liabilities (as the terms "assets" and "liabilities" are defined by generally accepted accounting principles) it may be authorized to transact business in Kansas.

There is no definition of the phrase "unimpaired capital" (or similar phrases) either in the Kansas statutes or the reported Kansas decisions. The only cases on the subject interpret the phrase as it is used in statutes pertaining to the purchase of treasury stock or to the declaration of dividends. (See, *c. g.*, *Ashman v. Miller*, 101 F. 2d 85, 90 [6th Cir. 1939].) We believe such cases are factually distinguishable from the question presented here.

The reference to impairment of capital in G. S. 1961 Supp., 17-503, is a reference to a technical term which should be given its technical meaning. (G. S. 1949, 77-201, *Second*) Eric L. Kohler's *A Dictionary for Accountants*, 1952, Prentice-Hall, Inc., defines "impairment (of capital)," at page 214, as follows:

"1. The amount by which *stated capital* has been reduced by dividends or other distributions, and by losses.

"2. The amount by which liabilities exceed assets by reason of losses."

In the past the Charter Board has required corporations to meet the exacting standards of the first of Kohler's definitions. We do not believe this to be the legislative intent in enacting G. S. 1961 Supp., 17-503. This test of capital impairment is one primarily used in determining whether a corporation should purchase its own stock or declare dividends. (See, *Accountant's Handbook*, edited by Wixon, 4th Ed. 1956, The Ronald Press Company, at 22:30.) It seems apparent on the other hand that the purpose of G. S. 1961 Supp., 17-503 (as with most other statutes regulating the admission of foreign corporations) is to protect creditors of these foreign corporations and not their investors who are in most cases nonresidents of Kansas. (*Cf.*, *The State v. Book Co.*, 65 Kan.

S47, 69 Pac. 563, [1902].) Our so-called Blue Sky law exists for the Kansas investor. Accordingly, it is our opinion that a corporation may be admitted as not having impaired capital if it meets Kohler's second definition and does not have liabilities exceeding assets.

It is very apparent, that while this definition may best represent the legislative intent, it is meaningless unless there is an accompanying definition of "assets," "liabilities," and "capital." These terms are also technical accounting terms. When it comes to assigning a value to a particular asset or liability and to determining such things as whether an asset should be valued at cost or market value to best show its value to a corporation, technical knowledge is required.

It therefore may be necessary to have the professional skill of the independent public accountant in order to determine whether or not a corporate balance sheet fairly reflects a financial position in accordance with generally accepted accounting principles. In a given case the sworn statement of financial condition required by G. S. 1961 Supp., 17-501 (6), may be of little value in determining whether a corporation is "insolvent" or its "capital is impaired." (These two terms are both used in G. S. 1961 Supp., 17-503, but as indicated above, appear to be intended as equivalents.)

Financial statements may be sworn to by corporate management without fraud or negligence and yet not be prepared in accordance with generally accepted accounting principles.

It would seem most unwise for this office to attempt to set out the body of accounting knowledge used to determine whether a balance sheet reflects an accurate picture of a corporation's financial standing even if we could determine this. G. S. 1961 Supp., 17-503, provides that the Charter Board may "require such information and evidence as they may deem proper" to determine the solvency of a corporation. Thus, if for any reason the Charter Board has reason to doubt that a balance sheet fairly reflects a corporation's financial status, it may require the certificate of a public accountant.

TESTIMONY

HB 2501

Linda Peterson

Marion County Commissioner

& President of the Kansas County Commissioner Assoc.

March 17, 1997

Chairman Lane and Committee members thank you for allowing me to testify again.

I appreciate and thank the committee for what you did last week, combining SB 142 into HB 2501 dealing with appraiser certification.

I understand there are some concerns raised about the committee's action.

I ask that you be patient with me as I go through the process the counties went through:

1. Counties and most county appraisers recognized there was a certification problem. The problem is the requirement of 1500 hours of fee appraisal, when what county appraisers do is mass appraisal. Most counties do not allow county appraisal staff to do single property appraisals for a fee within their county. Also, after putting in a full week with the county it is difficult to work toward the 1500 hours of fee appraisal now requested.
2. County commissioners and county appraisers from across the state met and compromised on two additional certifications. We believe this would not diminish the standards for county appraisers. We also met with Mark Beck, PVD director to get his input.
3. County appraisers, Randy Allen and Judy Moler of KAC, and myself met with members of the KREAB. We explained the problem counties were experiencing and ask if a change could be made. The tenor of the meeting was positive. Concerns were expressed by KREAB in administering the additional certification and the lack of resources.
4. KAC had Senate Bill 142 drafted which included KREAB and the Department of Revenue working together on establishing and administering the guidelines for county appraisers.
5. Senate Taxation Committee heard the bill. This committee took KREAB out of the bill and passed it out. The full Senate passed SB 142.

Now we are caught up to date. The bottom line is we have a problem of supply and demand. Counties will work with which ever agency the legislature wants us to. If nothing is done with this issue this session PVD will have to go into counties and take over until something is done. I don't think that is what the legislators want.

Thank you for your time.

Business, Commerce & Labor Comm.
3/18/97
Attachment 2

STATE OF KANSAS

GWEN WELSHIMER
REPRESENTATIVE, EIGHTY-EIGHTH DISTRICT
SEDGWICK COUNTY
6103 CASTLE
WICHITA, KANSAS 67218
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DURING SESSION
LEGISLATIVE HOTLINE
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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: ADMINISTRATIVE RULES & REGULATIONS—
MINORITY LEADER
GOVERNMENTAL ORGANIZATION—
MINORITY LEADER
FINANCIAL INSTITUTIONS
HEALTH & HUMAN SERVICES

DATE: March 17, 1997

TO: Rep. Al Lane, Chairman, and
Members, House Business, Commerce and Labor Comm.

FROM: Rep. Gwen Welshimer

SUBJECT: HB 2501, County Appraiser Licensing Requirements

The contents of HB2501 are also in SB142 which had a hearing last Tuesday in House Taxation. I am here to testify as an opponent because this bill concerns reappraisal which began in 1985 and has had serious, ongoing problems to this day.

One example is the court document attached to my testimony. This Legislature is still being pressured by the Court to bring county appraisals into compliance with the statute. Each and every Legislative Session year, we have had to address critical problems with agriculture, commercial, and industrial property values, as well as a number of counties who have not reached compliance on residential. All reappraisal functions have been under the supervision of PVD.

Experienced, professional appraisers can achieve market value, on all types of properties. These people are not under PVD but are regulated by The Kansas Real Estate Appraisal Board. This state board assures qualifications are met to accomplish market value appraisals in accordance with the National Uniform Standards of Professional Appraisal Practice. The Legislature appropriated taxpayer dollars to establishing this board in 1989.

The Ratio Study is the testing procedure for mass appraisal compliance which is done in the Dept. of Revenue's Division of Property Valuation (PVD). When a property sells in Kansas, that sale price is forwarded to PVD and compared to the market value the county appraiser has put on that same property. Groups of these comparisons are used to demonstrate how distant from the sale price the county appraiser is which establishes a county's compliance with the reappraisal statute. The time is close for a new Ratio Study to be released to the public. The Court is awaiting this information along with the Legislature and Governor.

*Business, Commerce
& Labor Committee
3/18/97
Attachment 3*

Ratio Studies which brought us bad news in the past prompted the 1992 Legislature to improve the image and the work product of county appraisers, requiring them to be state "certified" or "licensed" under the Real Estate Appraisal Board. PVD remained in supervision to assure county appraisers complied with with all ad valorem statutes.

The next year, Legislators had to make a correction and upgrade county appraisers to a certified general classification because it is the only one which certifies someone to appraise commercial or industrial values over \$250,000. County appraisers have many of these properties, such as warehouses, industrial parks, and commercial buildings of all styles and shapes. Not only must these properties be competently appraised, but their values must be defended by the county appraiser in appeals.

Under the Kansas State Certified and Licensed Real Property Appraisers Act, KSA 58-4109, the Real Estate Appraisal Board is charged with adopting rules and regulations to assure that the education, experience, and examinations provide confidence in the applicant's ability to perform appraisals within the scope of their practice.

To provide this confidence, in 1994 the Real Estate Appraisal Board who has issued general licenses to 46 county appraisers, changed the allowable mass appraisal experience for county appraisers to 500 hours for this designation. This subjected county appraisers to having to produce, unless grandfathered, 1,500 experience hours from preparing narrative appraisals for commercial, industrial, or agricultural properties which include influences on real estate values, legal considerations, types of value, economic principles, real estate markets and analysis, property descriptions, highest and best use analysis, appraisal math and statistics, site valuation, sales comparisons, cost approach to value, income approach, estimating income and expenses, operating statement ratios, direct capitalization, cash flow estimates, measures of cash flow, discounted cash flow analysis, valuation of partial interests, standards and ethics, and narrative report writing. These appraisal functions could also be done as separate studies and demonstrations to count for the hours.

Out of 105 counties, approximately 59 county appraisers had not met these requirements in 1993 and 46 had. Applications for licensure and experience documentation have not been coming in to the Appraisal Board from county appraisers nor PVD on their behalf. It is bewildering as to why this statute was ignored. County appraisers can appraise any property from their records, enlist the help of data collectors, and submit their narrative reports at hearings to gain these hours.

Sub. HB2501 will repeal the 1993 statute and allow PVD to continue on as usual. This bill also allows county appraisers to put market values on commercial, industrial, and agricultural properties with only a residential designation and no experience. This is running backwards to the PVD meltdown and the Legislature's feet to the fire.

A better idea would be to give the county appraisers who are not certified another extension and nothing else in this bill. Then we should study the issue in the Interim. The county appraiser certification process needs to be removed from the oversight of the tax generators (Dept. of Revenue). Qualifying, valuation supervision, and hearings all should be done by the Appraisal Board in fairness to the taxpayer. We could move these functions and the funding from PVD to the Appraisal Board and PVD could remain adequately funded for developing ratio studies, agricultural soil-type values, and state appraisal of utilities. With the funded staff from PVD, the Appraisal Board could assure that counties comply with the Uniform Standards of Professional Appraisal Practice, restore respect for the process of taxpayers, produce ratio studies that reflect compliance, and free the Legislature and Governor from court actions.

The creation of a Board of Valuation Appeals with members appointed by the Real Estate Appraisal Board who have demonstrated the experience and background to decipher the evidence could replace the BOTA process. Right now, business decisions are being made, not appraisal decisions. Attorneys "make a deal," rather than professional appraisers defining the evidence.

County appraisers have an awesome responsibility that affects every citizen in the state. Not only do we have property owners at the mercy of the county appraiser for ad valorem taxation, but the community banks have acquired legislation allowing them to use county appraiser market values to speed up the closing of mortgage loans. Seven million dollars were spent in Sedgwick County alone to set up the reappraisal system there. Taxpayers deserve quality, reliability, and accountability from qualified county appraisers. They have paid the price and are deserving of our consideration of this. We must demonstrate our earnestness in this matter by amending this bill to provide only an extension of one year to the certification statute and an interim study to address the overall issue of accountability in county appraiser qualifications.

Loren Welshmer

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION VI

STATE OF KANSAS, *ex rel.*,)
CARLA J. STOVALL,)
Attorney General,)

Plaintiff,)

vs.)

Kansas Department of Revenue,)
JOHN D. LaFAVER,)
Secretary, Kansas Department)
of Revenue, and)
MARK S. BECK,)
Director, Division of Property)
Valuation, Kansas Department)
of Revenue, and)
the Honorable SALLY THOMPSON,)
State Treasurer,)

Defendants.)

Case No. 92-CV-796

COPY

AMENDED JOURNAL ENTRY

[1] The above-captioned matter was brought by plaintiff demanding that defendants insure to the fullest extent practical that all real property throughout the State of Kansas is valued on a uniform and equal basis in compliance with art. 11, § 1 of the Kansas Constitution.

[2] On June 30, 1992, the parties entered into an agreed order of the Court requiring defendants to develop and file with the Court a plan to correct existing problems with real property appraisals throughout the state.

[3] On July 1, 1993, the Court approved a Journal Entry, agreed to by the parties, setting forth a plan to correct existing problems with real property appraisals throughout the state. This Amended Journal Entry modifies the Journal Entry, dated July 1, 1993, and its provisions shall hereafter be the order of the Court.

[4] The Court finds that the legislature has provided that all property subject to taxation shall be valued at fair market value, except where other valuation methods are expressly provided by the Kansas Constitution. K.S.A. 1995 Supp. 79-501; K.S.A. 1995 Supp. 79-503a; K.S.A. 1995 Supp. 79-1439.

[5] The Court finds that the legislature has placed on the Director of Property Valuation ("Director") ultimate supervisory responsibility with attending enforcement power and authority to see to it that the foregoing constitutional and statutory provisions are complied with and enforced throughout the state. K.S.A. 79-1401; 79-1402; 79-1403; K.S.A. 1995 Supp. 79-1404; 79-1405; State, ex rel. Stephan v. Kansas Department of Revenue, 253 Kan. 412, 856 P.2d 151 (1993); McManaman v. Board of County Commissioners, 205 Kan. 118, 126-127, 468 P.2d 243 (1970); Garvey Grain, Inc. v. MacDonald, 203 Kan. 1, 11-12, 453 P.2d 59 (1969).

[6] The Court finds that the Director's authority extends over boards of county commissioners, county appraisers and all other officers whose duties pertain to the appraisal, assessment and collection of property taxes to the end that property shall be valued and assessed uniformly and equally as to subclass throughout the state. K.S.A. 79-1402; K.S.A. 1995 Supp. 79-1404.

[7] The Court orders that the Director shall require, on or before January 1, 1998, that every county in the State of Kansas attain the following

statistical standards¹ for all real property subclassified by art. 11, § 1 of the Kansas Constitution as residential and commercial and industrial:

MEDIAN RATIO² 100% +/- 10%, with a confidence interval of 95%.³

C.O.D.⁴ ≤ 20, with a confidence interval of 95%.

or such statistical standards as may be subsequently enacted into law.⁵

[8] Land devoted to agricultural use shall not be subject to the foregoing statistical standards because the uniform and equal valuation of property not required to be valued at "fair market value"⁶ cannot be measured by appraisal/assessment ratio studies. Agricultural land values shall be annually determined pursuant to K.S.A. 1995 Supp. 79-1476, and submitted to the Court for review and approval on or before November 1, so long as the Court has jurisdiction in this matter.

¹ These assessment standards represent a consensus in the assessing profession and have been adopted by the Executive Board of the International Association of Assessing Officers (IAAO), except that the IAAO recommends a C.O.D. of ≤ 20 in small, rural jurisdictions, and a C.O.D. of ≤ 10 to 15 in larger, urban jurisdictions, for residential and income producing properties. See Standard of Ratio Studies, IAAO, July, 1990.

² The middle ratio found in a sample of ratios which have been arranged from highest to lowest to highest. This statistical measure is generally considered the most appropriate indicator of appraisal level. The ideal level is 100%.

³ The required degree of confidence in a statistical test. A 95% confidence interval would mean that one can be 95% confident that the population parameter (such as the median or mean ratio of appraised values to market values) falls in the indicated range.

⁴ C.O.D. is an acronym for coefficient of dispersion. It measures the average deviation of the group of ratios from the median ratio and describes how tight the sample of ratios are clustered around the median ratio. This statistical measure is generally considered the most appropriate measure of appraisal uniformity. The ideal level is 0.

⁵ Of the statistical standards being adopted herein, only the median ratio requirement is currently required by law. See K.S.A. 1995 Supp. 79-303a.

⁶ Land devoted to agricultural use is required to be valued upon the basis of its agricultural income or agricultural productivity pursuant to art. 11, § 12 of the Kansas Constitution. See also K.S.A. 1995 Supp. 79-1476.

Shawnee County District Court
Third Judicial District
200 East 7th Street
Topeka, Kansas 66603



FAX

<p>To:</p> <p>Rep. Wellsheimer</p> <p>296-0251</p>	<p>From:</p> <p>Judge Bullock</p>	<p>Date: March 18, 1997</p> <p>Number of Pages: 7</p> <p>Phone: (913) 233-8200</p> <p>Fax: (913) 291-4908</p>
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Remarks:

LEG is Responsible - State Ratio Study
Copy Of Consent Agreement And Order, Filed March 13, 1997

Problem = not con = several picture

*Comm -
Law apparatus
RE Board -*

*Can't do the work = comparison etc
KAC did SB 142 - they also ignored the law*

Extend

3-7

ME 3-17-97

FILED BY CLERK
KS DISTRICT COURT
3RD JUDICIAL DISTRICT

MAR 13 10 44 AM '97

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION VI

TOPEKA, KANSAS

STATE OF KANSAS, <i>ex rel.</i> ,)	
CARLA J. STOVALL,)	
Attorney General,)	
)	
Plaintiff,)	
)	
v.)	No. 92-CV-796
)	
Kansas Department of Revenue,)	
JOHN D. LaFAVER, Secretary,)	
Kansas Department of Revenue, and)	
MARK S. BECK, Director,)	
Division of Property Valuation,)	
Kansas Department of Revenue, and)	
the Honorable SALLY THOMPSON,)	
State Treasurer,)	
)	
Defendants.)	

CONSENT AGREEMENT AND ORDER

COMES NOW the State of Kansas, on relation of the Kansas Attorney General, Carla J. Stovall, plaintiff herein, and Secretary of Revenue John LaFaver, Director of Property Valuation Mark Beck, and the Kansas Department of Revenue, defendants herein, and state to the Court that the items enumerated herein will be undertaken in the time remaining under the Amended Journal Entry of April 12, 1996, paragraph 7, to ensure that the statewide property valuation system complies with article 11, section 1 of the Kansas Constitution.

Defendants agree to undertake the following measures:

3-8

Enhancing uniformity and equality in agricultural use values:

1. Promulgate regulations or directives codifying existing practices and procedures regarding all aspects of agricultural use valuation in the State to ensure greater uniformity and equality within agricultural appraisals statewide, including but not limited to the treatment of adverse influences;
2. Adopt for the 1998 agricultural use values, the system of valuing agricultural land based upon soil map units rather than productivity groups which are used at present, resulting in more refined valuations of agricultural property statewide;
3. Continue the agricultural use value committee as an advisory group to the Secretary and the Director to study and make recommendations concerning agricultural use values in the State;

Enhancing uniformity and equality in commercial property valuation:

4. Monitor and assist Sedgwick County in coming into compliance with statistical standards contained in the Amended Journal Entry of April 12, 1996;
5. Continue developing and make available to all county appraisers a statewide data base regarding valuation of commercial property;
6. For all of the counties out of compliance with statistical standards set forth in the journal entry

as to commercial property, work with counties to develop and implement plans of corrective action with the county appraisers to bring the county into compliance by dates set forth in the journal entry;

Enhancing uniformity and equality in residential property:

7. For all of the counties out of compliance with statistical standards set forth in the journal entry as to residential property, work with counties to develop and implement plans of corrective action with the county appraisers to bring the county into compliance by dates set forth in the journal entry;

8. Support legislation (introduced as Senate Bill 23), removing the 10 percent variance language from K.S.A. 79-503a;

9. Continue to study and promote improvements in the state sales ratio study, including consideration of improvements recommended by Legislative Post-Audit;

10. Promulgate regulations or directives clarifying and codifying present practices and procedures underlying preparation of the state sales ratio study, in accordance with Kansas statutes;

11. Continue and improve training of county appraisers and staff through continuing education

and direct assistance;

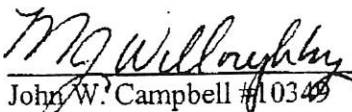
12. Support legislation appropriating funds for a training and technology package for the assistance and training of county appraisers;
13. Improve and increase public education materials and presentations regarding property tax appraisal methodologies and the hearing and appeals process;
14. Support legislation altering the date by which taxpayer appeals must be filed to provide more hearing time, such as 1997-proposed Senate Bill 23 which requires property appeals to be filed within 30 days of the mailing of valuation notices, amending K.S.A. 79-1448 (1996 Supp.);
15. In 1997, continue State training and certification of hearing officers;
16. Study proposals to have hearing officers appointed by the State Board of Tax Appeals to provide for greater uniformity and equality of result and greater expertise in the appeals process;
17. Promulgate rules or directives to clarify the process by which the PVD Director may address non-compliant counties, in accordance with existing Kansas statutes;
18. Submit quarterly reports to the Court, beginning June 1, 1997, with regard to the status of the above-referenced items and with regard to the overall process of complying with the amended

journal entry standards and timetable.

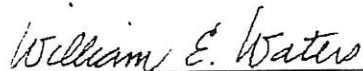
The State of Kansas, on relation of Attorney General Carla J. Stovall, plaintiff, and the Kansas Department of Revenue, Secretary of Revenue LaFaver, and Director of Property Valuation Mark Beck, respectfully request that this Consent Agreement and Order be approved by the Court.

Respectfully submitted,

CARLA J. STOVALL
ATTORNEY GENERAL




John W. Campbell #10349
Senior Deputy Attorney General
M.J. Willoughby #14059
Assistant Attorney General
Kansas Judicial Center, 2nd Floor
Topeka, KS 66612
(913)296-2215
Attorneys for the Plaintiff, State of Kansas



William E. Waters #12639
Division of Property Valuation
Kansas Department of Revenue
Docking State Office Building, 4th Floor
915 S.W. Harrison St.
Topeka, KS 66612-1585
(913)296-4035
Attorneys for Kansas Dept. of Revenue,
Secretary of Revenue John LaFaver, and
PVD Director Mark S. Beck, Defendants

APPROVED AND ORDERED: This 13th day of March, 1997, at Topeka, Kansas.



Hon. Terry E. Bullock
Shawnee County District Judge

David W. Thornton
Certified General Appraiser
G - 1165
Rt 1 Box 178
Neodesha, KS 66757

March 17, 1997

Representative Al Lane - Chairman
and Members
Business, Commerce, and Labor Committee
State House
300 SW. 10th Avenue
Room 526-S
Topeka, KS 66612-1504

RE: House Bill #2501 (a.k.a. SB # 142)

Representative Lane and Committee:

My concerns are 1) the possibility of the standards for county appraisers being lowered; 2) the movement of non-certified appraisers to other counties; and 3) the ability to maintain and meet compliance specifications as set forth in Judge Bullocks Order.

The adoption of House Bill #2501 (amended SB 142) allows for qualifications to be established by October 1, 1997 for the designation of registered mass appraiser. Shouldn't we have these qualifications in place before the adoption of such a bill? I feel that if they are not in place before the adoption of this bill that the standards will be lowered due to the pressure applied from those who are not certified and the counties in need of an appraiser. If these qualifications were in place prior to the adoption of this bill, I feel that the qualifications would probably remain fairly high. However, we will not know until we actually see the guidelines.

As for the movement of non-certified appraisers, I question the benefits that this would provide to them and the counties they serve. I question also why they have not pursued the certification options available to them prior to this time. I understand that the way the qualifications are currently set for certification it will be difficult for an appraiser to attain it. What percentage of those appointed as county appraisers under the grandfather clause of statute 19-430 have pursued certification over the past few years? Why have they waited until the end to try to attain certification?

I began working in a county in 1993 with the understanding of what was required to meet the qualifications to become a county appraiser. I accepted those guidelines and became a certified general appraiser in April of 1995. I knew for several months before the change went into effect that the minimum hours of fee experience were going to be raised and the maximum hours of

*Business
Commerce
& Labor
Committee
3/18/97
attachment 4*

mass experience were going to be lowered. At that time I submitted my experience in order to be accepted before the change went into affect. Many of the current county appraisers have been in place since before my entrance into the mass appraisal field. Do you believe two more years will help them meet the new guidelines which have not been established yet? If it is October 1, 1997 before these guidelines are adopted, this will leave only 21 months to obtain their designation or certification before July 1, 1999. Is this long enough this time?

If an appraiser currently has not pursued or met the qualification opportunities presented to them, why would they want to move, change, or take on additional counties at this time? I believe that if you ask any county appraiser or fee appraiser who has changed locations it takes time to familiarize yourself with a new area. How are the non-certified appraisers going to take on more responsibility or move to another area and concentrate on the responsibilities of their job while at the same time trying to meet these new requirements? I feel that this would be detrimental to the quality of work performed for the county. If we are to adopt new guidelines for the registered mass appraiser, why not fall back on statute 19-430 and extend the grandfather clause for these two years with the appraisers remaining in the counties they are familiar with. This would not jeopardize the quality of work being performed for the county.

Both issues already addressed herein relate to the last. It is not easy (in fact it is rather difficult) to adhere to the standards for the quality of work required from the county appraiser. I feel that the county appraiser should be one of the best appraisers in the county. Not only is this important from the public relations stand point, but also from the stand point that the county appraiser frequently must defend the values that he places on properties.

A reappraisal in a county costs hundreds of thousands of dollars. If the push is for lowering standards, you can be sure that millions of more dollars will be spent on reappraisals throughout the state. I question whether that is good stewardship of the taxpayers dollars. I do not believe that the taxpayers of Kansas would think that it is. Qualified people in any profession are held to standards. If they cannot meet those standards they must find another occupation. Appraisers should not be any different. Hold the standards high. People strive to achieve the goals placed before them if it is truly a desire within themselves to be good at what they do. If some appraisers need two more years than they have already had, allow them to have it. But don't allow movement because this would only jeopardize the meeting of the qualifications in 1999. Help the taxpayers of the state of Kansas get what they are paying for - quality work.

Thank You

David W. Thornton
Wilson County Appraiser

4-2

TO: House Committee on Business and Labor
FROM: Rod Broberg, Kansas County Appraisers Association
RE: HB 2501
DATE: March 17, 1997

Mr. Chairman and members of the Committee, thank you for this opportunity to speak to you today as a proponent of HB 2501.

This bill was originally introduced in the Senate Tax Committee as SB 142. Its purpose is to provide individuals who desire to become County Appraisers with reasonable avenues to become qualified. You have already heard, or will hear, of the situation with the Kansas Real Estate Appraisal Board and the effects of their rule change in 1995.

In its original form, this bill included, as one of its features, the creation of the Registered Mass Appraiser designation as one of the criteria for being qualified to serve as a County Appraiser. It was originally intended for the Kansas Real Estate Appraisal Board to be involved in the administration of this program. The Senate committee removed the language referring to the KREAB.

You have heard, or will hear, from opponents today who will tell you of dire consequences of passage of this bill. They will tell you that passage of this bill will irreparably dilute the qualifications for County Appraisers. They will have you believe that the Kansas Real Estate Appraisal Board is the best and only authority for most of the Ad Valorem taxation and appeals systems in the State of Kansas. I don't believe either of these statements to be true.

The Kansas County Appraisers Association believes that Senate Bill 142, in its original form, was the best solution to our current problem. We feel that this bill in its amended form is at least a start to a better situation. The worst possible scenario for Counties is to maintain the status quo. We need to find a mechanism whereby those persons working in mass appraisal, can achieve the qualifications to be a County Appraiser without working outside the mass appraisal system. This does not exist today.

Thank You for your consideration.

*Business, Commerce
& Labor Committee
3/18/97
Attachment 5*

Comments on House Bill 2501

by Stan Sease

14016 W. 48th Terr.

Shawnee, Ks. 66216

Last week, this same bill was Senate bill 142. It was a bad bill that apparently couldn't see the light of day so an effort is now being made to sneak it through as House Bill 2501.

The appraisal system in Kansas is already seriously flawed. Any attempt by appraisers to weaken it or make it even less effective is a blatant move to put an even less uniform and equal tax burden on the people you in Government, are supposed to represent.

The International Association of Assessing Officers is a business incorporated in the State of Illinois, with headquarters in Chicago. They are in the business of training people associated with property assessment. Note their name is "Assessing Officers" not Appraising Officers. Kansas law requires compliance with Uniform Standards of Professional Appraisal Practice, there is no mention of IAAO standards. The appraiser does a lot of business with them and is a member of IAAO. It is a serious conflict of interest and compromises the already troubled appraisal process to dilute the requirements by allowing anyone other than the Kansas Real Estate Board to certify Appraisers. They are the ultimate professional appraisal organization in the state.

The IAAO is unlikely to not certify one of its members that gives it many thousands of dollars worth of business.

The PVD has totally failed to do its job and enforce the laws and regulations on appraisal and has participated in a cover up with appraisers to hide how bad the appraisal process is. PVD is now attempting to further weaken the system.

Any changes in the appraisal law should increase the qualifications for the office and make noncompliance with laws governing the appraisal process a felony. As is, each appraiser makes his own rules and there is no uniformity as the Constitution requires, and the taxpayers take a beating.

*Business, Commerce
& Labor Committee
3/18/97
Att. 6*

.e: Monday, March 17, 1997

From: **William E. Fuiks**
JO CO Taxpayers Group, Inc.
8708 West 92nd Street
Overland Park, KS 66212

Phone: (913) 649-8058

Fax: (913) 649-4783

Re: Senate Bill No.142, Arguments against

Senate Bill No. 142 is a terrible bill and must be stopped.

1. Dilutes authority of Kansas Appraisal Board

The Kansas Appraisal Board has earned the confidence of taxpayers across the state for maintaining high standards for appraiser certification. We cannot afford to lose this level of protection. Regardless of claims being made to the contrary, sharing the authority for appraiser certification can only result in lower quality of appraisers.

2. Conflict of Interest for IAAO to have power to certify appraisers

The International Association of Assessing Officers is a "Not For Profit" corporation that does business with the state and with the counties. Appraisers join the association, pay dues for their membership, and funnel taxpayer money into the association for various services which the company provides. Last year, Johnson County alone spent approximately \$70,000 with the IAAO. IAAO already provides most of the training for appraisers. Giving them control of the certification process would give them to final word on the effectiveness of that training. We don't need that conflict of interest.

3. Lack of taxpayer confidence in PVD

PVD does not share the taxpayer confidence that has been accorded the Kansas Appraisal Board. During the past year while we have been trying to correct abuses in the appraisal process, we have found the PVD under it's current director, to be arrogant, politically partisan, and totally insensitive to rights of the taxpayer. In short, the agency that has the responsibility to oversee the appraisal process and prevent abuses is seen as a major part of the problem. We cannot have them involved in appraiser certification.

Please - Stop This Bill.

William E. Fuiks

*Business, Commerce,
& Labor Committee
3/18/97
Attachment 7*

ALLEGIANT REAL ESTATE APPRAISAL SERVICES

Real Estate Appraisal and Counseling Services

*John W. Proffitt, Owner Kansas General Certification No. G-1186
1002 West Street Emporia, Kansas 66801 (316) 342-0840*

March 11, 1997

House Committee on Appropriations
c/o Phil Kline
Room 514-S
State Capitol Building
Topeka, Kansas 66612

RE: House Bill 2501

Dear Committee Members

I have read the amended version of House Bill 2501 and feel I must write in opposition to this bill. I have a hard time believing that the committee is seriously considering passage of a bill that guts the original intent of the legislature that passed the original amendment to K.S.A. 19-430 which provided for an opportunity to increase competency and professionalism among county appraisers.

I understand that we have a need to provide relief to the counties since there are insufficient numbers of appraisers who are both certified by KREAB and on the PVD eligibility list to fill the vacancies as of July 1, 1997, but this bill is a giant step backward.

County appraisers need to be brought into the current mainstream of appraiser qualifications in order to adequately serve the interest of the citizens of the state. They had ample opportunity to obtain certifications at the inception of the original legislation. The fact that they did not avail themselves of the opportunity then should not, in and of itself, constitute a crisis now. I am sympathetic with the counties that are facing deadlines with limited choices, however, I would not be in favor of going back to a pre-certification era for county appraisers. Frankly, I think a number of county appraisers would welcome this bill just because they would not be required to obtain the education and experience necessary to meet certification requirements, and because they don't want to be held accountable to the standards it would require.

If you want to provide counties with relief, and still maintain the ongoing process toward professional certification for appraisers, simply extend the date to July 1, 1999. This provides the appraisers an additional two year period to obtain their designation, allows the counties to select from the currently grandfathered appraisers, and allows us a two year period to get some reasonable regulations in KREAB to allow county appraisers to certify their work experience.

I know that we have had problems recently with the KREAB certifying hours for mass appraisers. But in their defense, there has been no documentation they could obtain from county appraisers that would satisfy them that the work that we do conforms to USPAP standards as it should. From conversations with Dave Matson and Jack Shelton of that Board, I think they are willing to meet us half way. They just want to write reasonable and responsible regulations for the county appraisers.

*Business Commerce
& Labor Committee
3/18/97
Attachment 8*

Representative Phil Kline

Page 2

03/16/97

I don't think that is an unreasonable request on their part, especially in light of their responsibility to oversee compliance with USPAP regulations.

At some point, I think it would be wise to require a certain number of mass appraisers to be represented on the KREAB. This would provide a body of knowledge familiar with the specific aspects of mass appraising as they differ from fee appraising. It would probably also alleviate some of the problems that have been experienced recently. But that issue will appropriately be dealt with under separate consideration.

I regret that I will be unable to appear in person before your committee, but I hope that these remarks will be considered in your final decision. Ultimately I urge you to take the long view on what is best for the counties, county appraisers, and the citizens of this state. I think we owe it to them to provide a community of appraisers that are well educated and trained, and competent to perform appraisals on all properties within the state. I do not believe this bill, in its present form does this.

Sincerely yours:



John W. Proffitt

Kansas Certified General Real Property Appraiser No. G-1186

8-2

ALLEGIANT REAL ESTATE APPRAISAL SERVICES

Real Estate Appraisal and Counseling Services

allegiant@usa.net

1002 West Street

Emporia, Kansas 66801

(316) 342-0840

LeRoy Burk
Neosho County Appraiser
Neosho County Courthouse
Erie, KS 66733

March 18, 1997

Representative Al Lane - Chairman
and Members
Business, Commerce, and Labor Committee
State House
300 S.W. 10th Avenue
Room 526-S
Topeka, KS 66612-1504

RE: House Bill No. 2501

Dear Representative Lane & Business, Commerce, and Labor Committee:

In reference to the proposed qualifications for certification of appraisers, I feel that we have had four (4) years to attain our certifications and some of the County Appraisers elected and chose not to go through additional training, testing, etc. to attain certification. Under our present law, these Appraisers, who are not certified, are grandfathered in their present positions. In all honesty, will another two years aid in getting these County Appraisers certified? I do not know, but under reappraisal guidelines I am not sure the counties can afford to wait another two years.

With the strict guidelines set forth by Judge Bullock for reappraising properties, I am not convinced that lowering standards or eligibility requirements will help County Appraisers perform their duties efficiently or effectively. A County Appraiser has the responsibility to the taxpayers to be equipped through training, schooling, experience, and testing to perform his or her job in the most efficient and professional manner.

I have heard testimony that due to the reduction of mass appraisal hours, County Appraisers, who are not currently licensed, will not be able to attain a license from the Kansas Real Estate Appraisal Board. The Kansas Real Estate Appraisal Board has approved Demonstration Appraisals in lieu of fee appraisals to obtain required hours for licensing. These Demonstration Appraisals can be performed in your respective county. This method may require additional work but it is possible.

I am one of the County Appraisers to obtain my Certified General License through Demonstration Appraisals. I feel that holding a certified license give an appraiser more credibility with the taxpayer. For example: Last Thursday, I was holding an informal hearing for a Neosho County taxpayer. This taxpayer, upset and not understanding what constitutes values, made the remark: "I am going to hire me a real appraiser, who has a license, to review my property". I shared with him that I am a Certified General Appraiser. The taxpayer settled down and we took care of the business at hand and discussed the concerns he had about his property value. He was satisfied that I was equipped and held the credentials to offer professional judgment as County Appraiser. It is not unusual or unique that professional people hold a license, certification, or degree in a specialized field: Teachers, Doctors, Nurses, Lawyers, Certified Public Accountants, Engineers, Financial Consultants, Insurance Agents, etc. and the list goes on.

*Business, Commerce
& Labor Committee
3/18/97
Attachment 9*

I am also convinced that by having Standards under the Kansas Real Estate Appraisal Board, gives the County Appraiser concrete guidelines on appraisal practices. Since I have been County Appraiser in Neosho County, we have had two Directors of property Valuation. Under our present Director, Mark Beck, we have a more open and helping attitude with regard to our job. I have also seen the reverse in the past.

In reference to the possibility of creating severe internal salary problems: County government has always had this problem: County Engineer, County Appraiser, County Attorney, County Health - just to name a few. County Appraiser salaries can range from \$23,000 to \$70,000 etc. I realize that there are differences in our individual jobs: elected/appointed, stress levels, locations, etc. which create salary. I know that in some of the western counties, salary is a large incentive for the location. This is no difference than teachers, and other professionals moving and relocation as some professional individuals will not move unless they are compensated in salary for the relocation. Equity issues should be like comparing apples to apples and not apples to oranges. I feel that salary should be proportional with the job requirements: one's education, training, experience in that particular field, etc.

When I accepted the appointment as County Appraiser in Neosho County in July 1993, certification was a requirement for the County Appraiser position in the State of Kansas. In 1993, there were no problems in filling County Appraiser positions with licensed appraisers.

If two years will help an Appraiser, who currently is a County Appraiser, stay in his or her present position, and in his or her present location, I have no problem as long as he or she is not moving to another county or moving up to County Appraiser status without certification.

In retrospect, it would be satisfactory if Senate Bill #142 remain as presented to the Senate Committee on Assessment and Taxation before amendments were made to Senate Bill #142. As in present form, this Bill could be detrimental not only to the counties but to the Kansas taxpayers as well. If this cannot be accomplished, then stand on Statute 19-430 which is presently in effect.

Thank you for allowing me to share my concern about this situation. If you have any questions, please call me at my office (316) 244-3822 or my home (316) 763-2025.

Sincerely,



LeRoy Burk
Neosho County Appraiser
License #G-838

ELYSA K. LOVELADY
GREENWOOD COUNTY APPRAISER
COURTHOUSE, 311 N. MAIN
EUREKA, KS. 67045
FAX 316-583-8124
316-583-8131

March 17, 1997

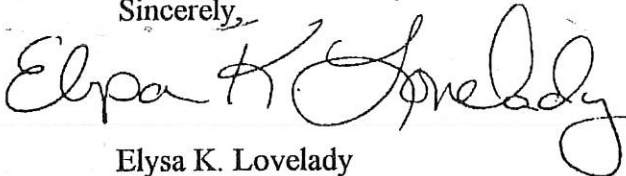
Representative Al Lane - Chairman
and Members: Business, Commerce, and Labor Committee
State house
300 S.W. 10th Avenue
Room 526-W
Topeka, KS 66612-1504

RE: house Bill No. 2501

Chairman Lane and Members:

My name is Elysa Lovelady and I am currently serving as the Greenwood County Appraiser. I am also a Certified General Appraiser under the Kansas Real Estate Appraisal Board. I am writing on my own behalf and not that of the County or any other organization. I do not support Senate Bill No. 142 in its current form, however, I would accept the original draft of Senate Bill No. 142. I feel we need to work with the Real Estate Appraisal Board in adding a mass appraisal designation. The bill in its current form specifies a mass appraiser designation under the Secretary of Revenue. I have concerns about one agency, (Department of Revenue), enforcing the standards and ethics provision all appraisers must operate under. Again, it is my belief that we need to work with the Appraisal board on adopting a mass appraisal designation and educating the board on our record keeping and work toward changing the hours required so that those in the county appraisal field may work toward a general certification or a mass appraiser certification.

Sincerely,



Elysa K. Lovelady
Greenwood County Appraiser

from Leroy Burke
Business, Commerce
& Labor Committee
3/18/97
Attachment 10



March 17, 1997

TESTIMONY FOR BUSINESS, COMMERCE, AND LABOR

Regarding SB 142

A bill supported by the Johnson County Board of Commissioners

Presented by Joyce Coker, Johnson County Intergovernmental/ Community Relations Coordinator

Mr. Chairman, members of the committee, my name is Joyce Coker, Intergovernmental and Community Relations coordinator for the Johnson County Board of Commissioners. I am appearing today on behalf of the board to request that you pass SB 142, pertaining to qualifications of county appraisers. Among those who worked to draft this bill was Johnson County Appraiser Paul Welcome.

The bill proposes three specific methods through which appraisers can be certified as defined in K.S.A. 19-430. All three require that the applicant pass the PVD eligibility examination. **An applicant would only need to meet the standards required by one method to be appointed by the county commission to a four-year term.**

- **Existing method--** Through KREAB (Kansas Real Estate Appraisal Board) general appraiser certification, which requires 2,000 hours for general certification-- 500 hours of which can be mass appraisal experience, 1,500 hours of which must be single-property appraisal experience.

Problem: Most counties do not allow county appraisal staff to perform single property appraisals for fee within their county, a task which would be difficult to perform for full-time workers in any event. Many counties, therefore, are finding it difficult to recruit qualified persons to fill positions.

- **First new option--** Through meeting IAAO (International Association of Assessing Officers) standards as well as obtaining three years of mass appraiser experience.
- **Second new option--** Through meeting educational requirements and obtaining 2,000 hours of mass appraisal experience to qualify for a new designation of "registered mass appraiser."

Johnson County believes that the Kansas Association of Counties and a task force of professionals have crafted a good solution to the difficulty counties face in recruiting highly qualified appraisers to help deal with growing work loads.

Thank you for this opportunity to express our support of this bill.

*Business, Commerce
& Labor Committee*

JEWELL COUNTY COMMISSIONERS

**307 N. Commercial
Mankato, KS 66956
913-378-4040**

Meeting Each Monday

**John E. Stover
1st District
913-545-3269**

**Doyle H. Alcorn
2nd District
913-378-3055**

**Frank D. Langer
3rd District
913-875-4931**

January 28, 1997

The Honorable Governor Bill Graves
2nd Floor, State Capitol
Topeka, Ks 66612-1590

Subject: Appraiser Certification

Dear Governor Graves:

I'm writing this letter asking for your help on the appraiser's certification bill.

We are a county of 4,200 plus population and have a valuation of \$26,548,040. Out of this valuation we are keeping up all the state and federal requirements plus all the necessary county services. We have 1500 miles of road to maintain plus 375 bridges that need repair or replaced and all local department's (Clerk, Treasurer, Register of Deeds, Sheriff, County Attorney and Ambulance). The only way we can operate is all these department heads are very budget minded and doing a great job.

Now we have the appraiser problem. We are now sharing an appraiser with Osborne County which is fifty five miles away. Approximately one year ago we interviewed three applicants. Two were not qualified under the new requirements and the other wanted \$45,000 per year. Our Sheriff only makes \$22,000 and is the highest paid of all elected employees. The other two applicants could have handled the job, but didn't have all the requirements of new certification rules.

By sharing with Osborne County we are still paying \$25,860.00 and still have to have three people working in our appraiser's office. Two of these people have had years of experience and are doing most of the work, but can't meet the rigid certification requirements.

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& Labor Committee
3/13/97
Attachment 12*

If the mass appraisal experience could be lowered to three years experience under qualified appraiser it would sure help. I know there are people who have worked in large appraisers office who would like to move out to smaller counties to make there homes. That is what we need, bring people back to the county. They will establish homes and pay taxes here not in some other county.

All our department heads here are really working hard to keep taxes down and still provide necessary services.

We feel you are and will continue to do a very fine job as our Governor.

Respectfully,

Doyle "Hooley" Alcorn
Jewell County
Chairman, Commissioner 2nd District

cc: Rep. Aurand
Rep. McClure
Sen. Lee
Judy Moler, KAC

TESTIMONY PRESENTED
TO THE
HOUSE BUSINESS, COMMERCE
AND LABOR COMMITTEE
BY
HAROLD RICKERS
ON BEHALF OF
THE KANSAS LEGISLATIVE
POLICY GROUP
ON
HB 2501 AS AMENDED
MARCH 17, 1997

*Business, Commerce
& Labor Committee
3/18/97
Attachment 13*

Testimony on HB 2501 as amended

Mr. Chairman and Members of the Committee:

My name is Harold Rickers, County Commissioner from Meade County located in southwest Kansas. Today, I am appearing on behalf of the Kansas Legislative Policy Group which is an organization of county commissioners from 39 counties in western Kansas in support of House Bill 2501 as amended.

The problem facing many county commissioners is what to do to get qualified county appraisers. With the passage of House Bill 2501 we can establish a set of guidelines for our appraisers.

Currently, many county appraisers and appraisers working in the offices of county appraisers are finding it difficult to obtain the license or certification issued by the Kansas Real Estate Appraisal Board. Recent regulations adopted by the Appraisal Board restrict the number of hours of mass appraisal experience that may be applied towards attaining the certification, requiring county 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 certification.

With House Bill 2501 as amended, we feel confident that the Kansas Department of Revenue can set guidelines that can be obtained and will guarantee quality people to be county appraisers. Also, we believe that it is essential that the rules and regulations for the new designation be maintained by the Kansas Department of Revenue to ensure that what has happened under the current guidelines does not happen again.

We respectfully request your support for House Bill 2501 as amended.

Thank you for your consideration. I will respond to questions.

Note for Beck, Mark S.

From: Johnson, Laura E.
Date: Wed, Mar 5, 1997 5:14 PM
Subject: FW: Meeting with Judge Bullock
To: Beck, Mark S.

Mark, you asked me to summarize the meeting today with Judge Bullock.

M.J. Willoughby presented the Judge with the draft copy of the proposed Consent Agreement and Order designed to apprise the court of the steps to be taken over the next year to assure constitutional appraisals.

[REDACTED]

The Judge was updated regarding legislation, specifically SB 161 (hearing officers under BOTAs) and SB 142 (new county appraiser qualifications). He stated he liked the direction 142 was going because it appeared to keep qualification standards high and relieves concerns about the issue of many vacancies as of July 1.

The Judge was provided a more detailed copy of the proposed \$1.2 project for counties to benefit taxpayers (assure more uniform, accurate appraisals). The Judge commented it had a good focus, and lays out well what will be done.

The Judge inquired about agricultural use values. He was informed that the values had been hand-delivered to the court. It was noted that there was an agricultural committee meeting last Friday. [REDACTED]

The Judge inquired specifically about the soil base, why was it needed, what was the progress. Mark explained it was needed for greater uniformity and accuracy. The feds have changed the data regarding soil productivity since the productivity groups were established. [REDACTED] to capture the work done by the feds, we need to be able to tie to their format. [REDACTED]

[REDACTED] Mark noted that roughly 8 to 10 counties were less than 50% complete at this point. Basically, counties are under the Director's mandate to finish by June.

It was agreed that the Division would file quarterly progress reports with the court beginning June 1, 1997, detailing the Division's progress on agricultural land valuation procedures (in particular progress regarding soil mapping) and the progress regarding the counties out of compliance. This provision will be added to the Consent Agreement and Order.

[REDACTED]

*Business, Commerce
& Labor Committee
3/18/97
Attachment 14*



William "Chip" Winslow

KANSAS STATE BOARD OF TECHNICAL PROFESSIONS

(913) 296-3053

Suite 507, Landon State Office Building 900 S.W. Jackson Street Topeka, Kansas 66612-1257

STATEMENT TO THE
HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE
by the
KANSAS STATE BOARD OF TECHNICAL PROFESSIONS
9:00 a.m., March 18, 1997 - Room 526-S

RE: House Bill 2509 - Proposed Amendments to the Kansas State Board of Technical Professions' Statutes

The Board of Technical Professions appreciates the opportunity to testify before the Committee. I am Chip Winslow, Landscape Architect Member of the Board, and with me are Stan Peterson, Architect Member of the Board, Murray Rhodes, Land Surveyor Member of the Board; and Betty Rose, Executive Director of the Board.

The Board of Technical Professions, in its annual review of the statutes and rules and regulations that the Board operates under, has determined that the proposed changes contained in this bill are needed and must take place as soon as practical. The Board has met with the Kansas Engineering Society, the Kansas Consulting Engineers, and the American Institute of Architects, and they are supportive of this bill.

House Bill 2509 is a revision of existing statutes regarding the Kansas State Board of Technical Professions. The content of this bill is proposed by the Kansas State Board of Technical Professions for four primary purposes.

- update current language in the existing statutes to provide a positive public identity and to reflect similar Boards on a national level;
- To provide for a more equitable fee structure;
- To delete outdated, unclear and illegal language; and
- To allow flexibility in the Board's staffing structure.

The Kansas Board of Technical Professions was formed as a consolidation of the individual professional Boards in 1976. The current name of the Board has served it well over the years, however, over time it has become apparent from the numerous inquiries by people seeking licensing of everything from plumbers to tattoo artists, that the current name is confusing to the public as to the exact nature of the Board. Additionally, names of Boards in other states that regulate

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Attachment 15*

ARCHITECTS

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ENGINEERS

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LANDSCAPE ARCHITECTS

LAND SURVEYORS

engineering and architecture particularly, uniquely identify the Board by the names of those professions - thus directly reflecting the identity of the Board. For example, out of 50 states, only Arizona and Kansas do not have engineer in their name. The proposed language in H.B. 2509, Sections 1-9 and 13-17 changes the existing name of the Kansas State Board of Technical Professions to the State Board of Professional Engineers, Architects, Land Surveyors and Landscape Architects to positively reflect the identity and nature of the Board to the public and to reflect the naming of similar boards on a national level in consideration of other states.

Current statutes impose a maximum fee that the Board can collect for licensure application and renewal fees. To date, the Board is at its statutory limit to assess fees and has been for some time now. In fact, the licensure renewal fees today are the same as they were in 1948. The proposed changes to Section 10. K.S.A. 74-7009 reflect the necessity to increase the current ceiling of the Board's statutory maximum to enable the Board to collect adequate funds to support the mission of the Board.

Current statutes fix the Board's fee for licensure applications by reciprocity to the fee charged for an original exam applicant that includes the cost of an original professional exam. The fact that the reciprocity applicant has already taken and passed the appropriate professional exam deems the current fee requirement as written well out of proportion to the real cost to the Board. Proposed changes to Section 11. K.S.A. 74-7024 reflect the need for the Board to more appropriately place the fee assessment under K.S.A. 74-7009, the Board's fee statute. Additionally, the proposed changes to K.S.A. 74-7024 will delete an outdated section, Section 11(b), that was deemed unclear by the Kansas Supreme Court in a 1994 case.

Finally, current statutes essentially allow unlicensed practice of any of the professions under the Board by an out-of-state applicant before the Board has determined that they are minimally competent and qualified to practice in the state of Kansas. Proposed changes to Section 12. K.S.A. 74-7035(a) and (f) are intended to delete that unlawful language.

The Board is also proposing an amendment to K.S.A. 74-7008, which would allow flexibility in the Board's staffing structure. A balloon reflecting this proposed language is found in Attachment "A". This proposed amendment enables the Board to hire "unclassified" staff as is necessary for the effective operation of the Board and its activities. Current Board staff is comprised of an executive director (unclassified) and three classified positions. The existing language regarding personnel does not allow for an unclassified position other than that of the executive director. The recent implementation of continuing education as a requirement for licensure for each of the professions under the Board and recent proposed legislation affecting

the oversight duties of the Board necessitates the addition of staff for support of those activities in place and possibly pending. Due to uncertainty of the ultimate affect of these new and proposed activities, the Board sees that an unclassified position will offer much needed flexibility in the staff structure to assist in the Board's duties and functions.

It is important to note that in this legislative session, and likely at this very moment, at least three pieces of proposed legislation are being considered that affect the operations of the Board of Technical Professions. At this time, H.B. 2509, is the only bill proposed by the Board itself. The other pieces of legislation considered in this session should not be confused with this very important bill that affects the day-to-day operation of the Board.

In conclusion, the Board thanks you for your consideration of these very important changes to the laws that we are to serve by, and requests your favorable passage of this bill.

74-7008. Same; executive director, appointment and salary; compensation and expenses of members; personnel.

The board may appoint an executive director who shall be in the unclassified service of the Kansas civil service act and shall receive an annual salary fixed by the board. Members of the state board of technical professions attending meetings of such board, or attending a subcommittee meeting thereof authorized by such board, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto. The board may employ clerical personnel and other assistants ~~all of whom shall be~~ within ~~in~~ the classified service under the Kansas civil service act as well as unclassified positions and may make and enter into contracts of employment with such professional personnel as may be necessary, in the board's judgment, for the performance of its duties and functions and the execution of its powers.

History: L. 1976, ch. 334, 8; L. 1976, ch. 337, 2; L. 1992, ch. 240, 6; Jan. 1, 1993.

15-4

ATTACHMENT "A"

15-4

WHAT IS THE BOARD OF TECHNICAL PROFESSIONS?

The primary function of the Board of Technical Professions is to carry out its statutory authority to protect the health, safety and welfare of the general public by regulating the professions of Engineering, Architecture, Land Surveying, and Landscape Architecture. A significant amount of the Board's efforts involve monitoring and regulating the practice of technical professions. The Board members review investigations and conduct formal disciplinary hearings. In addition, the Board processes applications for examination of candidates and licensure of qualified individuals and corporations in the technical professions. The total number of current licensees is 12,221. The present number of Intern Engineers is 12,417. The Board of Technical Professions was created by the 1976 Legislature to consolidate the former Kansas State Registration and Examining Board of Architects, State Board of Engineering Examiners, and the Kansas State Board of Registration and Examination of Landscape Architects. That Board had eight (8) members from the four (4) professions of engineering, architecture, land surveying and landscape architecture and one (1) public member. The 1992 Legislature increased the size of the Board from nine (9) to thirteen (13) members, and provided additional authority to enforce the Board of Technical Profession's Practice Act. The current membership of the Board consists of four (4) engineers, three (3) architects, two (2) land surveyors, one (1) landscape architect, and three (3) members from the general public. The board holds regular board meetings approximately 6 times a year. All of the board's work, as well as meetings, are conducted in a committee forum with the architects and landscape architects working together as a committee, and the engineers and land surveyors working as a committee to review issues specific to those professions. Then, all 13 members meet with staff and board counsel as a full board to discuss committee recommendations, board policy issues, and disciplinary matters.