

Approved: April 29, 1999
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson David Adkins at 9:00 a.m. on March 11, 1999 in Room 519-S of the Capitol.

All members were present except: Rep. Howell - excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Paul Welcome, Johnson County Appraiser
Karen France, Director of Governmental Affairs, Kansas Association of Realtors
Judy Moler, Legislative Services Director, Kansas Association of Counties (written)

Others attending: See attached list

The Chairman opened the public hearing on:

SB 12 - Sales information contained on appraised valuation notice

Proponents:

The Chairman introduced Paul Welcome, Proponent, Johnson County Appraiser, Office of the Appraiser (Attachment 1).

The Chairman introduced Karen France, Director of Governmental Relations, Kansas Association of Realtors, Inc. (Attachment 2).

Judy Moler, Proponent, Legislative Services Director, Kansas Association of Counties submitted written testimony (Attachment 3).

Questions and discussion followed.

The Chairman closed the public hearing on **SB 12**.

The Chairman opened the public hearing on:

SB 9 - Timing of property appraised inspections for property tax purposes

Proponents:

The Chairman introduced Paul Welcome, Proponent, Johnson County Appraiser, Office of the Appraiser (Attachment 4).

Judy Moler, Proponent, Legislative Services Director, Kansas Association of Counties, submitted written testimony (See Attachment 3 listed under the hearing for **SB 12**).

Questions and discussion followed.

The Chairman closed the public hearing on **SB 9**.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on March 11, 1999.

The Chairman opened the public hearing on:

SB 10 - Property tax exemption for pick-up truck shells and sailboards

Proponents:

The Chairman introduced Paul Welcome, Proponent, Johnson County Appraiser, Office of the Appraiser (Attachment 5).

Judy Moler, Legislative Services Director, Kansas Association of Counties, submitted written testimony and noted in her testimony (see Attachment 3 under the hearing for **SB 12**) that the Kansas Association of Counties did not take a formal position on **SB 10**, but the Association does not oppose the bill.

Questions and discussion followed.

The Chairman closed the public hearing on **SB 10**.

The Chairman opened the public hearing on:

SB 11 - Correction of property tax clerical errors

Proponents:

The Chairman introduced Paul Welcome, Proponent, Johnson County Appraiser, Office of the Appraiser (Attachment 6).

Judy Moler, Proponent, Legislative Services Director, Kansas Association of Counties, submitted written testimony (see Attachment 3 under the hearing for **SB 12**).

The Chairman closed the public hearing on **SB 11**.

The Chairman recognized Representative Flora who made a motion, and seconded by Representative Findley, to introduce a house concurrent resolution which would allow the Legislature to provide for appraisal valuations of real property to be averaged over an unspecified period of years for the purpose of application in a taxable year for property taxation purposes for submission of a constitutional amendment. Motion carried.

The meeting was adjourned at 10:10 a.m.

HOUSE TAXATION COMMITTEE
GUEST LIST

DATE: March 11, 1999

<i>Mark Bunk</i>	<i>KDOR</i>
<i>Rick Stuart</i>	<i>Jefferson County</i>
<i>Jana Johnson</i>	<i>KDOR</i>
<i>Erik Sartorius</i>	<i>Johnson Co. Board of Realtors</i>
<i>Don Schuack</i>	<i>KIOWA</i>
<i>Kathleen Rindfleisch</i>	<i>KCK Council of PTA</i>
<i>Ann Dinkes</i>	<i>DOB</i>
<i>Madeha You Smith</i>	<i>KIMHA</i>
<i>Ashley Sherard</i>	<i>Overland Park Chamber</i>
<i>Jason Finson</i>	<i>Intern: Rep. Award</i>
<i>SCOTT SCHNEIDER</i>	<i>McMill, Beaches & Assoc</i>
<i>Hugo Clark</i>	<i>Ks Taxpayers Network</i>
<i>Karl Peterjohn</i>	<i>" " "</i>
<i>JAKE FISHER</i>	<i>WHITNEY DAMRON</i>
<i>Ami Hein</i>	<i>Hammond Hair Ctr.</i>



To: House Taxation Committee
From: Paul Welcome, Johnson County Appraiser
Sub: SB 12
Date: March 11, 1999

My name is Paul Welcome and I appear before you today in support of passage of Senate Bill 12. This legislation is supported by the Johnson County Board of Commissioners, the Kansas Association of Counties, the Kansas County Appraisers Association and the Kansas Association of Realtors.

Each year property owners receive a notice in the mail telling them what the county estimates the value of their home to be. And every year county appraisers' offices are inundated with calls from angry and confused taxpayers asking why their value increased. Due to current statutory restrictions, the county cannot explain its value until a property owner complains. In the language of K.S.A. 79-1437f the property owner may have access to sale information only for the purpose of "determining whether to make such an appeal." As a result, my office mails approximately 17,000 packets of information each year at a cost to the taxpayers of \$20,000 +/- . Many property owners apply for a hearing at the same time they request the information. Even though they may later drop their appeal, there is a cost associated with the initial appeal to them and their fellow taxpayers. In 1998, 67 percent did not file an appeal after they were shown the evidence of the sales in their neighborhood.

Recently, a March 5, 1999 Johnson County Sun article "*Senior Shock*" quoted an individual after she received the notice: "*I was shocked when I got it (the notice), May said. However she later learned that a similar unit in her neighborhood recently sold for \$115,000, the same as her appraised value. It never occurred to me that it would sell for that much,*" May said.

I believe this quote is the essence of why this bill is needed for the County Appraiser to list the sales on the notices.

House Taxation
3-11-99
Attachment 1

This legislation seeks to short circuit that problem by providing more information at the beginning. Most property owners are largely unaware of what is happening in the real estate market. Every year we have property owners who are surprised at their appeal hearing by the sale prices of properties in their own neighborhood. Many property owners who were able to see the values of surrounding parcels on our web site this last year chose not to appeal. They felt their value was in line with their neighbors and thanked us for providing the information. A jurisdiction in Colorado which disclosed the sales information on its notices experienced a 40% reduction in appeals the first year. Informed taxpayers are less likely to file unwarranted appeals and have more successful appeals when they are necessary.

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ST. LOUIS COUNTY
CHANGE OF ASSESSMENT NOTICE
 (THIS IS NOT A TAX BILL)

LOCATOR NUMBER 08J630527

PROPERTY ADDRESS 1385 PEPPERHILL DR

MARCH 5, 1997

08J630527 111DE
 3523 PINTAIL DR
 LAFAYETTE, IN 47905

Your real property has been reassessed as required by Missouri Statutes. Our final estimate of value and the reason for the change is shown below.

LEGAL DESCRIPTION	PLAT	PAGE NO.	ACREAGE	SURVEY	SECTION	TWP.	RANGE
1385 PEPPERHILL DR 0073/0081 X 0113/0110 FOXRUN PLAT 2	04	239R			69		

TOTAL APPRAISED VALUE AS OF JANUARY 1, 1997
\$75,300
REASON FOR THE CHANGE:
REASSESSMENT

PRIOR ASSESSED VALUE			
SUBCLASS	LAND	IMPROVEMENTS (BUILDINGS, ETC.)	TOTAL
RESIDENTIAL	3,170	11,210	14,380

CURRENT ASSESSED VALUE			
SUBCLASS	LAND	IMPROVEMENTS (BUILDINGS, ETC.)	TOTAL
RESIDENTIAL	2,600	11,700	14,300

THE "COMPARABLE SALES METHOD" IS ONE OF THE METHODS USED BY THE ASSESSOR TO ESTIMATE THE MARKET VALUE OF RESIDENTIAL PROPERTY. COMPARABLE PROPERTIES ARE SELECTED BASED ON LOCATION AND PHYSICAL CHARACTERISTICS SIMILAR TO YOUR PROPERTY. THE ACTUAL SALES PRICES OF THE COMPARABLES WERE ADJUSTED TO ACCOUNT FOR ANY DIFFERENCES IN THE CHARACTERISTICS BETWEEN YOUR PROPERTY AND THE PROPERTY THAT SOLD. THE FOLLOWING COMPARABLE PROPERTIES, SHOWN WITH THEIR ACTUAL SALE PRICES AND ADJUSTED SALE PRICES, ARE THE INDICATED MARKET VALUE OF YOUR PROPERTY.

ADDRESS OF COMPARABLE PROPERTY	SALE DATE	ACTUAL SALE PRICE	ADJUSTED SALE PRICE
1415 SPRING VALLEY DR	05/96	78,500	77,461
1290 FOX RUN DR	09/96	58,000	73,096
1440 WILLOWBROCK DR	04/96	78,500	79,859
1550 PEPPERHILL DR	07/96	71,337	71,607
1435 BURNING TREE DR	07/95	78,000	77,068

SECTION 107.100 REQUIRES A REASSESSMENT EVERY YEAR. THIS CHANGE OF ASSESSMENT NOTICE MEETS THE REQUIREMENT OF SECTION 107.355 RSMO 1994 WHICH STATES THAT THE ASSESSOR MUST NOTIFY THE OWNER OF ANY PROPERTY WHERE THE ASSESSMENT IS INCREASED.

IF YOU DISAGREE WITH THE INDICATED VALUE, PLEASE SEE THE OTHER SIDE OF THIS NOTICE FOR INFORMATION ON SCHEDULING AN INFORMAL CONFERENCE WITH THE ASSESSOR'S OFFICE TO REVIEW THIS ASSESSMENT OR THE PROCEDURES REQUIRED TO FILE AN APPEAL WITH THE ST. LOUIS COUNTY BOARD OF EQUALIZATION.

IMPORTANT - THIS IS NOT A TAX BILL



Kansas Association of REALTORS®

3644 S.W. BURLINGAME ROAD • TOPEKA, KANSAS 66611-2098
TELEPHONE 785/267-3610 • 1-800-366-0069
FAX 785/267-1867



TO: HOUSE TAXATION COMMITTEE

FROM: KAREN FRANCE, DIRECTOR OF GOVERNMENTAL AFFAIRS

DATE: March 11, 1999

SUBJECT: SB 12, SALES INFORMATION ON APPRAISED VALUE NOTICE

Thank you for the opportunity to present comments. On behalf of the Kansas Association of REALTORS®, I appear today to support the concepts proposed in SB 12.

We feel it would be very valuable to property taxpayers to be told the sales information that triggered the change in value for their property, at the time they receive the notice of change. This would be convenient for taxpayers, rather than having to write or call the county appraiser's office to have it sent to them. Additionally, it would seem that the time savings for county appraisers offices should be great.

While we support the concept of permitting this information to be included with the change of value notice, we ask you to consider the possibility of requiring county appraisers to include this information. We think the beneficial results would be greater for taxpayers and county appraisers alike if all counties provided it to their taxpayers, rather than just a few who choose to provide it. Additionally, think of the owners who own property in more than one county. It would be great if they could get the same information on all of their properties.

Thank you for the opportunity to testify.



KANSAS
ASSOCIATION OF
COUNTIES

WRITTEN TESTIMONY
Before the House Taxation Committee
concerning SB 9, SB 10, SB 12
March 11, 1999

By Judy Moler, Legislative Services Director

Representative Adkins, Members of the Committee, I am writing in support of the Kansas County Appraisers Association and their bills **SB 9, SB 10** and **SB 12**. The substance of these bills is contained within the Kansas Association of Counties 1999 Platform Document and supported by the Association.

The passage of **SB 9** would allow for a six-year reinspection cycle of existing properties and would benefit counties by reducing the number of homes inspected yearly. This would allow the county appraiser's office more time for analysis and follow-up, thus leading to a decrease in expenditures and savings in tax dollars. At a county's discretion, inspection could occur more frequently.

SB 11 simplifies and makes more clear the current property tax grievance procedure. The bill limits the number of years in which a property tax grievance can "reach back".

The third bill, **SB 12**, would allow a county the option of including a sales validation questionnaire information to be included with the property owners' Notices of Appraised Valuation. This information would allow the taxpayer to know at what price similar properties in the area have sold thus, hopefully, eliminating some tax appeals.

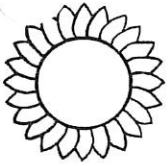
The Kansas Association of Counties did not take a formal position on **SB 10**, but the Association does not oppose the bill.

Thank you for your favorable consideration of **SB 9, SB 11** and **SB 12**.

Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to the KAC by calling (785) 233-2271

700 SW Jackson
Suite 805
Topeka KS 66603
785•233•2271
Fax 785•233•4830
email kac@ink.org

House Taxation
3-11-99
Attachment 3



To: House Taxation Committee
From: Paul Welcome, Johnson County Appraiser
Sub: SB 9
Date: March 11, 1999

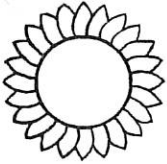
My name is Paul Welcome and I appear before you today in support of passage of Senate Bill 9. The proposal contained within this legislation is also supported by the Johnson County Board of Commissioners, the Kansas Association of Counties, and the Kansas County Appraisers Association.

The purpose of this legislation is to extend the time to physically re-inspect all parcels of real estate within a county from the current four years to a six year cycle. On the one hand we are experiencing numerous complaints from property owners that we are needlessly invading their privacy by re-checking property that has not changed. Like many other jurisdictions, Johnson County is covered by a good building permit system, which alerts my office to physical changes in properties. Absent unusual damage or disaster, buildings do not normally depreciate to an observable degree in a four year time period.

On the other hand, an inspection cycle of six years is acceptable under nationally recognized mass appraisal standards. It would save the taxpayers of Johnson County over \$150,000 per year in personnel costs and over \$30,000 per year in costs to maintain a picture imaging system. Extending the reinspection cycle from four to six years reduces the number of parcels to be reinspected each year from 40,000 to 26,700. That can translate into either personnel reductions and/or diverting personnel resources into functions more important to the valuation cycle. It also means the investment of \$400,000 in pictures of every parcel will last six years instead of four.

In conclusion, county staff have visited every parcel in this state three times. For the large majority of those parcels the last inspection produced little or no change at all. We can save county taxpayers the frustration of county intrusion as well as actual tax dollars by passing Senate Bill 9.

*House Taxation
3-11-99
Attachment 4*



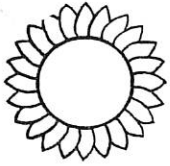
To: House Taxation Committee
From: Paul Welcome, Johnson County Appraiser
Sub: SB 10
Date: March 11, 1999

My name is Paul Welcome and I appear before you today in support of passage of Senate Bill 10.

By its nature personal property poses a challenge to appraise. Unlike a house or a retail store, personal property is small and portable. It generally takes more units to produce each dollar of property tax revenue and its portability makes it difficult to track. Therefore, we must rely on the continued good will and honesty of our property owners to report personal property for assessment purposes. In the case of a commercial operation, the additional burden of this listing is lessened by the fact that some listing is already done for income tax purposes. In the addition, the volume of personal property listed may justify the county expenditure of resources to perform an audit of that listing.

However, there are instances in which the good will of the property owners is jeopardized as the county spends tax dollars chasing pennies in valuation. That is the case with sailboards and pick-up truck shells. Very few taxpayers own more than one or two, unless they are included as part of merchants inventory, which is exempt. A county could easily spend hundreds of dollars in taxpayer resources tracking each unit down, only to have them stricken from the tax roll because they generate less than a five dollar tax bill.

In my opinion, the average taxpayer views these items as belonging exactly where this legislation places them - as household items exempt from property taxation.



To: House Taxation Committee
From: Paul Welcome, Johnson County Appraiser
Sub: SB 11
Date: March 11, 1999

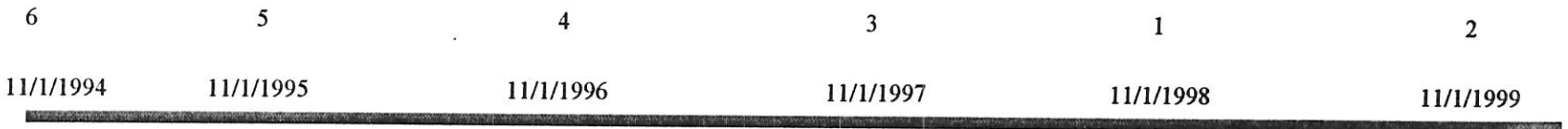
My name is Paul Welcome and I appear before you today in support of passage of Senate Bill 11.

The legislature has worked with county officials and members of the administration to improve the process taxpayers must follow to get their tax bills corrected. Just last session a sweeping reform of the board of tax appeals system was passed and we wait eagerly for it to succeed.

However, there remain some areas of the law, which are difficult to understand and therefore administer. When a statute, such as those being amended, is unclear it becomes subject to a number of interpretations. The statutes governing clerical errors have been the subject of differing interpretation for years because the language of the statutes is not clear. The purpose of this bill is to insure that property owner's rights to have errors corrected is protected by clarifying exactly what the rights and remedies are. Laura Johnson of property valuation division has worked closely with the revisor of statutes to clarify the language of the statutes governing clerical errors.

I support their efforts and urge the passage of Senate Bill 11.

THE CURRENT TIME LINE



Board of County Commissioners

Board of Tax Appeals

Board of Tax Appeals with approval of the Board of County Commissioners

- 1. Currently, the county clerk can correct clerical errors that are discovered prior to November 1 of any tax year. So for tax bills issued in November 1 of 1998, any county clerk in Kansas had the authority under K.S.A. 79-1701 to correct clerical errors discovered prior to that date.
- 2. The county board of commissioners assumes the authority for correcting clerical errors beginning at point 1. This authority is extended forward to point 2 and backward to points 3 and 4.
- 5. The Board of Tax Appeals can correct errors which occurred in years prior to point 4. However, when the discovery occurs more than three years after the tax becomes a lien on the real estate, the property owner must first get unanimous consent from the local board of county commissioners to proceed with the grievance. The latter could conceivably allow appeals back an unlimited number of years.

- Scenario 1: Error discovered in 1998 tax roll. Property owner appeals to the board of county commissioners for relief.
- Scenario 2: Error discovered in 1995 tax roll. Property files a grievance with the State Board of Tax Appeals.
- Scenario 3: Error discovered in 1994 tax roll. Property files a grievance with the State Board of Tax Appeals. Because the grievance is filed more than three years after the lien date, the State Board of Tax Appeals informs the tax payer that he/she must appeal to the board of county commissioners to pass a resolution by unanimous vote to allow the grievance to proceed.