

Approved: 1-19-99
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:10 a.m. on January 13, 1999, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Paul Welcome, Johnson County Appraiser
Judy Moler, Kansas Association of Counties

Others attending: See attached list.

Senator Langworthy opened the hearings on five bills introduced as a result of a 1998 interim Assessment and Taxation Committee study on local county appraiser issues. Paul Welcome, Johnson County Appraiser, testified in support of the bills as follows:

SB 9-Property taxation; concerning the timing of inspection of property for appraisal purposes.

Mr. Welcome explained that the intent of **SB 9** is to extend the time to physically reinspect all parcels of real estate within a county from the current four year cycle to a six year cycle. The six year cycle would save Johnson County taxpayers over \$150,000.00 in personnel costs and over \$30,000.00 per year in costs to maintain a picture imagining system. Furthermore, it would reduce the number of parcels to be reinspected each year from 40,000 to 26,700. Mr. Welcome concluded that passage of the bill would save tax dollars and eliminate the frustration of county intrusion for taxpayers in all counties. (Attachment 1) He also noted the same legislation passed the Senate in previous legislative sessions.

SB 10-Property taxation; exempting certain property therefrom.

Mr. Welcome commented that, by its nature, personal property poses a challenge to appraise as it is small and portable. County appraisers must rely on the continued good will and honesty of property owners to report personal property for assessment purposes. However, there are instances in which the good will of the property owner is jeopardized as the county spends tax dollars chasing pennies in valuation. That is the case with sailboards and pickup truck shells. **SB 10** defines sailboards and pickup shells as household items which exempts them from property taxation. (Attachment 2) It is the purpose and intent of the Legislature, with respect to the exemption of pickup truck shells and sailboards, to relieve the administrative appraisal burden which is not cost effective.

SB 12-Property taxation; concerning the contents of appraised valuation notices.

Mr. Welcome explained that **SB 12** contains language which will allow counties the option to put sales on the notice of appraised value. He noted that county appraisers' offices are inundated every year with calls from angry and confused taxpayers asking why their value increased. His office mails approximately 17,000 packets of information each year in response to requests for information from angry taxpayers at a cost of approximately \$20,000.00. Many property owners apply for a hearing at the same time they request information. Even though they may later drop the appeal, there is a cost associated with the initial appeal to them and their fellow taxpayers. **SB 12** is an attempt to short circuit the problem by providing more information at the beginning. He called attention to a handout illustrating the form in which the information will be mailed to taxpayers. (Attachment 3)

SB 11-Property taxation; concerning the correction of clerical errors.

Mr. Welcome explained that **SB 11** would amend several statutes relating to the correction of clerical errors

by county clerks. New language would clarify that corrections may be made when values or taxes are understated or overstated as a result of mathematical computation mistakes. The bill would also amend the property tax grievance statute to extend from three to four years the amount of time taxpayers have to file grievances with the State Board of Tax Appeals. (Attachment 4)

Senator Bond noted that the definition section of the bill speaks to the issue of "error" and defines "errors." However, on page 1, line 34, new subsection (g) refers to a "mistake," a term which has not been defined in the bill.

Senator Bond moved to delete "computation mistake" after "mathematical", and to insert "miscomputation" after "mathematical" on line 34, page 1, and in subsequent places in the bill, seconded by Senator Hardenburger. The motion carried.

SB 13-Relating to the filing of plats.

Mr. Welcome said that, during interim meetings, a suggestion was made to help county appraisers do business more expeditiously. The suggestion regarded the automated mapping system used by some counties. Some counties must redigitise electronic plats filed in order to include them in their automated mapping system. The bill still requires the filing of a paper plat but provides that a county may also require that plats which are maintained in a digital format be filed with the county in a specified format. Mr. Welcome distributed copies of a proposed amendment to clarify that an additional burden is not being added. (Attachment 5)

Staff noted that there is no prohibition of counties requesting digital formats currently; therefore, a law change is not necessary. Mr. Welcome agreed that another method could be used by counties to disseminate the request for filing of plats in a digital format.

Judy Moler, Kansas Association of Counties (KAC), stood in support of **SB 9**, **SB 11**, and **SB 12**. KAC has no formal position on **SB 10** and **SB 13**, but it does not oppose them. (Attachment 6) With this, the hearings on all five bills were closed.

Senator Hardenburger moved that **SB 9** and **SB 12** be recommended as favorable for passage, seconded by Senator Steineger. The motion carried.

Senator Lee moved that **SB 10** be recommended as favorable for passage, seconded by Senator Steineger. The motion carried.

Senator Lee moved that **SB 11** be recommended as favorable for passage as amended, seconded by Senator Hardenburger. The motion carried.

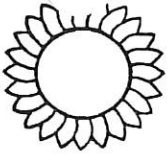
The meeting was adjourned at 11:50 a.m.

The next meeting is scheduled for January 14, 1999.

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: January 13, 1999

NAME	REPRESENTING
Laura Johnson	KDOR
Sheila Walker	KDOR
Judith Miller	Ks. Assoc of Counties
Dana Fenton	Johnson Co.
Karl Welcome	Johnson Co.
MARCI HESS	SEDSWICK COUNTY
GUY SCHNEIDER	McGILL GARDEN ASSOC.
KOP Mandy	Senat
Bill Howgill	KDOC: H
Karl Peterjohn	K Typogr. Network
John Peterson	Ks. Government Consulting
Dee Helthaus	Western Resources
Wanda Ann Smith	KMHA
Ashley Shevard	Overland Park Chamber
Art Brown	Mid-Am - Lumberman
Kelly Kuitala	City of Overland Park
Rich McKee	Ks Livestock Assoc
Bud Burke	Johnson County
Hal Hudson	NFIB/Kansas



To: Senate Committee on Assessment and Taxation

From: Paul Welcome, Johnson County Appraiser

Subject: SB 9

Date: January 13, 1999

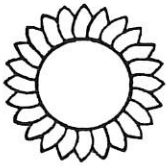
My name is Paul Welcome and I appear before you today in support of passage of Senate Bill 9. The proposal contained within this legislation is also supported by the Johnson County Board of Commissioners, the Kansas Association of Counties, and the Kansas County Appraisers Association.

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 4 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 each county taxpayers the frustration of county intrusion as well as actual tax dollars by passing Senate Bill 9.

*Senate Assessment & Taxation
1-13-99
Attachment 1*



To: Senate Committee on Assessment and Taxation
From: Paul Welcome, Johnson County Appraiser
Subject: SB 10
Date: January 13, 1999

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

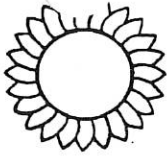
By its nature personal property poses a challenge to appraise. Unlike a house or a retail store, personal property is small and portable. It generally takes more units to produce each dollar of property tax revenue and its portability makes it difficult to track. Therefore, we must rely on the continued 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.

Senate Assessment & Taxation
1-13-99

Attachment 2



To: Senate Committee on Assessment and Taxation
From: Paul Welcome, Johnson County Appraiser
Subject: SB 12
Date: January 13, 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.

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 tried placing 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.

Senate Assessment & Taxation

CHANGE OF ASSESSMENT NOTICE

(THIS IS NOT A TAX BILL)

LOCAL OR NUMBER **08J630527**

PROPERTY ADDRESS **1385 PEPPERHILL DR**

MARCH 5, 1997

08J630527 111DE
 TAYLOR VIRDON W & ELSIE MAE H/W
 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

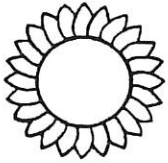
PRIOR ASSESSED VALUE			
SUBCLASS	LAND	IMPROVEMENTS (BUILDINGS, ETC.)	TOTAL
RESIDENTIAL	3,170	11,210	14,380
CURRENT ASSESSED VALUE			
SUBCLASS	LAND	IMPROVEMENTS (BUILDINGS, ETC.)	TOTAL
RESIDENTIAL	2,600	11,700	14,300

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	73,500	77,461
1290 FOX RUN DR	09/96	68,000	73,096
1440 WILLOWBROOK 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 137.115 RSMO 1994 REQUIRES A REASSESSMENT OF PROPERTY VALUE EACH ASSESSED YEAR. THIS CHANGE OF ASSESSMENT NOTICE MEETS THE REQUIREMENT OF SECTION 137.355 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.



To: Senate Committee on Assessment and Taxation
From: Paul Welcome, Johnson County Appraiser
Subject: SB 11
Date: January 13, 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.

*Senate Assessment & Taxation
1-13-98*

The governing body may defer action for an additional 30 days for the purpose of allowing for modifications to comply with the requirements established by the governing body. No additional filing fees shall be assessed during that period. If the governing body defers or refuses such dedication, it shall advise the planning commission or joint committee of the reasons therefor.

(d) The governing body may establish a scale of reasonable fees to be paid to the secretary of the planning commission or joint committee by the applicant for approval for each plat filed with the planning commission or joint committee.

(e) No building or zoning permit shall be issued for the use or construction of any structure upon any lot, tract or parcel of land located within the area governed by the subdivision regulations that has been subdivided, resubdivided or replatted after the date of the adoption of such regulations by the governing body or governing bodies but which has not been approved in the manner provided by this act.

(f) Any regulations adopted by a governing body with reference to subdividing lots shall provide for the issuance of building permits on plat-
ted lots divided into not more than two tracts without having to replat such lots. Such regulations also may authorize and establish conditions for the issuance of building permits on lots divided into three or more tracts without having to replat such lots. Such regulations shall provide that lots zoned for industrial purposes may be divided into two or more tracts without replatting such lot. Such regulations shall contain a procedure for issuance of building or zoning permits on divided lots which shall take into account the need for adequate street rights-of-way, easements, improvement of public facilities, and zoning regulations if in existence.

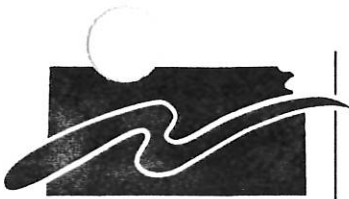
(g) The regulations shall provide for a procedure which specifies a time limit within which action shall be taken, and shall further provide, where applicable, for the final decision on the issuance of such building permit to be made by the governing body, except as may be provided by law.

(h) The register of deeds shall not file any plat until such plat shall bear the endorsement hereinbefore provided and the land dedicated for public purposes has been accepted by the governing body. ~~Any such plat may be filed in a digital format.~~ *In addition to the paper plat filing, a county may require plats that are maintained in a digital format to be filed with the county in a specified format.*

Sec. 2. K.S.A. 1998 Supp. 12-752 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

Senate Assessment & Taxation
1-13-99
Attachment 5



KANSAS
ASSOCIATION OF
COUNTIES

Testimony
Before the Senate Assessment and Taxation Committee
January 13, 1999

Senator Langworthy and members of the Committee on Assessment and Taxation, I am Judy Moler, Legislative Services Director of the Kansas Association of Counties. I am speaking to you today in support of **SB 9**, **SB 11** 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 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 option of including 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 and SB 13, but the Association does not oppose those two bills.

I would be glad to answer any questions.

The 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

Senate Assessment & Taxation
1-13-99
Attachment 6