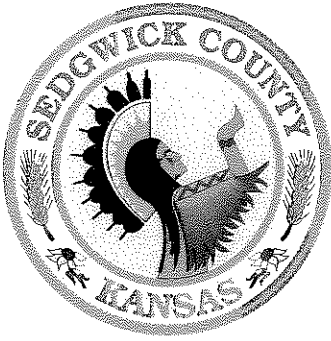


SEDGWICK COUNTY, KANSAS

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To: Committee on Taxation

From: James B. Skelton, Chairman

Date: March 4, 2013

Re: Opposition to House Bill 2134

There are several issues concerning this pending legislation that need to be considered. Comments regarding proposed legislative changes follow selected portions of this bill.

There to, other than those relating to land devoted to agricultural use, wherein the value of the property is less than \$2,000,000 as reflected on the valuation notice; *or the valuation of the property has been increased by the county appraiser in the next three taxable years following the taxable year that the valuation of the property had been reduced due to a final determination made pursuant to the valuation appeals process.*

- **The small claims and expedited hearings division is not designed to handle complex properties.**
 - **Hearings are designed to be informal.**
 - **Hearings generally are 30 minutes in length.**
 - **No records of hearings are kept.**
 - **Hearing officers have little experience with complex properties.**
 - **Allowing appeals up to 4 years after a final decision in the prior tax year creates unstable tax rolls.**

At such meeting it shall be the duty of the county appraiser or the county appraiser's designee to initiate production of evidence to substantiate the valuation of such property, including the affording to the taxpayer of the opportunity to review the data sheet of comparable sales utilized in the determination of such valuation. *At such meeting, the taxpayer may present the county appraiser with an appraisal of valuation of the taxpayer's property prepared by an individual licensed as an appraiser pursuant to*

K.S.A. 58-4101 et seq., and amendments thereto. If the county appraiser declines to adopt the valuation of the taxpayer's property as established in the appraisal presented by the taxpayer and the taxpayer elects to appeal the decision pursuant to the valuation appeals process, it shall be the duty of the county appraiser to demonstrate, by a preponderance of the evidence, the invalidity of the appraisal submitted by the taxpayer. If the county appraiser declines to adopt the valuation of the taxpayer's property as established in the appraisal presented by the taxpayer and the valuation of the taxpayer's property is reduced pursuant to a final determination made pursuant to the valuation appeals process, the county shall be required to pay reasonable attorney fees and costs to the prevailing taxpayer.

- **Proposed legislation fails to limit and identify the type of appraisal and the appraisal date as it relates to the year a property's valuation is under appeal.**
 - **Out-of-date appraisals could be submitted.**
 - **Opens the door for all types of appraisals to be used, such as for financing, merger, or exchange of properties.**
 - **Appraised value may not be based on fair market value as required by Kansas law.**

- **Proposed legislation requires county to pay attorney fees and costs should the values be reduced.**
 - **Difficult to estimate potential costs while preparing budgets.**
 - **Reduces the incentive for counties to negotiate value reductions during the hearing process.**

(c) For the purposes of this section: (1) The term "substantial and compelling reasons" means a change in the character of the use of the property or a substantial addition or improvement to the property; (2) the term "substantial addition or improvement to the property" means any expansion or enlargement of the physical occupancy of the property through the construction of any new structures or improvements on the property or any renovations that expand or enlarge the square footage of any existing structures or improvements on the property. The term "substantial addition or improvement to the property" shall not include: (A) Any maintenance, renovation or repair of any existing structures, equipment or improvements on the property that does not expand or enlarge the square footage of any existing structures or improvements on the property; or (B) reconstruction or replacement of any existing equipment or components of any existing structures or improvement on the property.

- **Proposed legislation could violate the uniform and equal provision in the Kansas Constitution and the legislative requirement that property be valued at fair market value.**

- **Significant value changes commonly occur without adding square footage when a property is remodeled.**

At such meeting it shall be the duty of the county appraiser or the county appraiser's designee to initiate production of evidence to substantiate the valuation of such property, including affording the taxpayer the opportunity to review the data sheet of comparable sales utilized in the determination of such valuation at least 48 hours before any hearing on such valuation.

- **This service is already being provided.**