

House Taxation Committee

Adam Smith, Chair

Senate Bill 72

Trecia A. McDowell, CAE, MAI, SRA, G-557

SB72-Opposed

Senate Assessment and Taxation Committee - 3/18/21

Thank you in advance for consideration of my testimony against SB-72.

SB-72 seeks to remove the International Association of Assessing Officers (IAAO) designations of the Residential Evaluation Specialist (RES) and the Certified Assessment Evaluator (CAE) from being appointed to the office of county or district appraiser. However, a general real property appraiser of the Kansas Real Estate Appraisal Board (KREAB) can still be appointed. In addition, the bill seeks to have all appraisal courses necessary to qualify for the designation of a Registered Mass Appraiser (RMA) to be approved by the KREAB, which includes courses provided by IAAO.

The impetus for this bill appears to stem from differences in opinion relating to the “Dark Store” theory on big box stores (See David Trabert – CEO of Kansas Policy Institute). He indicates that the organization (IAAO) is offering training courses openly promoting appraisal methods contrary to established law.

I would like to submit testimony against SB-72. My testimony is mine alone, and does not necessarily reflect the opinions of all the various organizations I serve or belong to including the Appraisal Institute, IAAO, PVD, or the Kansas Real Estate Appraisal Board.

I have attached my qualifications and educational experience. In short, I have a combined 36-years in both mass and fee appraisal, with the CAE and MAI commercial designations from the two most well-known organizations for either fee appraisal (Appraisal Institute or AI) and mass appraisal (IAAO). As such, I have had both IAAO and AI classes. I am also a state certified appraiser and am currently serving on the Kansas Real Estate Appraisal Board.

Why I disagree with removing the CAE and RES designation from being a county appraiser:

- Mass appraisal is very different from fee appraisal, as fee appraisal values one property at a time versus mass appraisal, which values a multitude of properties at one time. For example, the Sedgwick County Appraiser’s Office is responsible for valuing around 14,000 commercial properties every year within a 2-month span. The appraisal process is very different between mass and fee appraisal. When I joined the Sedgwick County Appraiser’s Office in 2014, my state certification did not prepare me for mass appraisal. The courses I took to earn my CAE designation did.
- While the beginning IAAO courses are very similar to Appraisal Institute Courses, there are additional courses required like Assessment Administration and Modeling classes. This prepares a person to be a mass appraiser and be able to value a multitude of properties, along with understanding testing accuracy through actual sales and statistical analysis.
- An Appraisal Institute (AI) designation, like the MAI or SRA, demonstrates that a fee appraiser has gone beyond what is required by KREAB and they want to be a part of a well-respected organization that promotes professionalism. An International Association of Assessing Officers (IAAO) designation, also does the same for mass appraisers. Having a professional designation, whether for mass or fee appraisal should be encouraged.

Why I disagree to all courses needing to be approved by the Kansas Real Estate Appraisal Board:

- KREAB was set up to promote professionalism among fee appraisers and to protect the public and financial institutions. The KREAB oversees both licensing and discipline and was started due to the Savings and Loan crisis – or specifically to oversee fee or single-property appraisals, not mass appraisal courses. It is unusual to have a mass appraiser on the Kansas Real Estate Appraisal Board (KREAB), and I am there only due to my fee appraisal experience. The board is small with only 7 members including 4 fee appraisers, 2 financial institution employees, and one person from the general public.
- As stated earlier, the beginning IAAO courses are very similar to Appraisal Institute Courses, and the KREAB could easily review to see if it meets USPAP standards. However, the advanced courses involving Assessment Administration and Modeling will be much more difficult for a person, or the KREAB, not familiar with mass appraisal techniques to monitor or approve the course in any meaningful way.
- Having taken both AI (fee appraiser) and IAAO (mass appraisal) courses, there are no courses that promote appraisal methods contrary to established law. The “Dark Store Theory” article published in the Fair Equitable Journal that Dave Trabert mentions is only an opinion article and not taught in any classes. Both the IAAO and AI have journals, where appraisers can submit papers and opinions.
- The KREAB has not had to review appraisal complaints for fee appraisers yet regarding the “dark-store” theory issue. The heart of the “dark-store” issue is whether a big box store that is not vacant at the time of the appeal, should be valued solely by stores that are vacant. While simple on the surface, it is a very complex issue. It also often ignores the other two approaches – the income and cost approach.
- The highest qualified MAI appraisers are testifying for and against the “dark-store” theory, making this a polarized issue within the Appraisal Institute, not only in Kansas but across the country. In Kansas, there are currently many pending cases regarding this issue, and new precedence may be set, for or against the “dark-store” theory. SB-72 brings the “dark-store” issue one step closer to the KREAB. The courts need to be responsible for deciding the fate of the “dark-store” theory, which would allow for a jurisdictional exception rule. This would not only help mass appraisers but also fee appraisers, who feel strongly that the other side, whichever side that is, is in violation of USPAP and the teachings of the Appraisal Institute – through The Appraisal of Real Estate book.
- It is my firm belief, that the IAAO courses should continue to be approved by the PVD rather than KREAB due to the differences in mass appraisal versus fee appraisal. However, I do fully support the KREAB continuing to approve the courses that could easily be used by both mass and fee appraisers.

Thank you,

Trecia A. McDowell, CAE, MAI, SRA, G-557

Qualifications of Trecia A. McDowell, CAE, MAI, SRA, G-557

Professional Experience

Sept. 2018 – Present

Senior Commercial Real Estate Analyst

Sedgwick County Appraiser's Office, Wichita, Kansas

Aug. 2014 – Sept. 2018

Commercial Board of Tax Appeal (BOTA) Specialist

Sedgwick County Appraiser's Office, Wichita, Kansas

May 1988 – Aug. 2014

Commercial Real Estate Appraiser

Roger Turner Company, Wichita, Kansas
Owner: Roger Turner, MAI

May 1985 – May 1988

Residential Real Estate Appraiser

American Real Estate Analysts, Wichita, Kansas
Owner: Lynn Woodward, MAI

Professional Affiliations

Appraisal Institute

Previously Society of Real Estate Appraisers (Jan 1991) And American Institute of Real Estate Appraisers

Awarded SRA designation in July 1988
Awarded MAI Designation in October 2018

AI Positions Held - Greater KS Chapter of the Appraisal Institute: Board Member (16+ years), Education Chair (4-years), Vice President (Current),

Kansas Real Estate

Appraisal Board

(Required Jan. 1992)

Certified by the State of Kansas Real Estate Appraisal Board as a Certified General Real Property Appraiser, Cert. No. G-557, effective January 16, 1992, and expires June 30, 2021.

KREAB Positions Held – Board Member (exp. 6/30/2023)

International Association of Assessing Officers (IAAO)

Member since September 2014
Awarded CAE Designation December 2018

IAAO Positions Held - Board member of the South Central Kansas Regional Chapter of IAAO (2-years), Second Vice President (2-years).

Educational Experience

Wichita State University – Bachelors of Business Admin.
Major: Real Estate & Land Use Economics
Real Estate Classes included Principles, Law, Investment Analysis, Finance, Appraisal, etc.

Examples of Completed AI, IAAO, and PVD Classes

Date	Hours	Name
2/21	7.0	AI-Rapid Response: Market Analysis in Volatile Markets
9/20	7.0	PVD-KS Property Tax law Update
1/20	7.0	AI - 7-Hour National USPAP Update Course Also 1/18 03/16, 3/14, 03/12 04/10, 03/08, 09/06, 03/05, & Previous Other Years
08/18	30.0	IAAO Course 400 - Assessment Administration
08/19	30.0	IAAO Course 332 – Modeling Concepts
08/17	30.0	IAAO Course 320 - Commercial/Industrial Modeling Concepts
05/17	7.0	IAAO-Workshop 171 Standards of Prof. Practice and Ethics
11/16	7.0	AI – 7-Hour Analyzing Tenant Credit Risk & Commercial Lease
10/16	30.0	IAAO Course 112 – Income Approach to Valuation II
09/16	30.0	IAAO Course 102 – Income Approach to Valuation
1/19	7.0	AI - Business Practices and Ethics Also 10/15 10/06, 10/10
09/15	30.0	IAAO Course 101 – Fundamentals of Real Property Appraisal
05/15	7.0	AI – Analyzing Operating Expenses
12/14	21.0	PVD - Kansas Property Tax Law 2014 (Course 698000)
02/11	8.0	AI - Appraisal Curriculum Overview
02/10	7.0	AI - Using Spreadsheet Programs in Real Estate Appraisals
04/08	7.0	AI - Office Building Valuation: A Contemporary Perspective
03/07	40.0	AI - Advanced Sales Comparison & Cost Approaches
04/06	16.0	AI - Uniform Appraisal Standards for Federal Land Acquisitions
03/05	40.0	Advanced Applications
10/04	40.0	AI - Highest & Best Use and Market Analysis
02/04	40.0	AI - Report Writing and Valuation Analysis
10/03	40.0	AI - Advanced Income Capitalization
10/01	7.0	AI - Analyzing Operating Expenses
09/00	7.0	AI - Eminent Domain & Condemnation Appraising
01/00	7.0	AI - Appraisal of Local Retail Properties
11/98	7.0	AI - Internet Search Strategies For Real Estate Appraising
02/97	27.0	AI - Standards of Prof. Practice, Part B & C & Also 04/91
04/96	7.0	AI - Data Confirmation and Verification Methods
09/94	7.0	AI - Mock Trial
02/93	40.0	AI - Basic Income Capitalization
1987	40.0	AI - Basic Valuation Procedures
1987	40.0	AI - Residential Valuation
1987	40.0	AI - Real Estate Principles
1985-2014	133+	AI - Various Other Residential and Commercial R.E. Seminars