

Approved: 2/2/94
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Vice Chairperson Kent Glasscock at 9:00 a.m. on February 1, 1994 in Room 519-S of the Capitol.

All members were present except: Representative Adkins, excused
Representative Roe, excused
Representative Wagnon, excused

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Bill Edds, Revisor of Statutes Office
Lenore Olson, Committee Secretary

Conferees appearing before the committee:
David Cunningham, Director, Division of Property Valuation
John Hale, Division of Collections - Legal Bureau
Larry Clark, Kansas County Appraiser's Association

Others attending: See attached list

Vice Chairperson Glasscock opened the hearing on HB 2747.

HB 2747 - County appraiser list maintenance.

David Cunningham, Director, Division of Property Valuation (PVD), testified in support of HB 2747. He said this bill will provide statutory authority to categorize counties and develop appropriate examination and continuing education requirements that fit various types of skills (Attachment 1).

Larry Clark, Kansas County Appraisers Association, testified in opposition to HB 2747, stating this bill may be premature. He said that over the last few years there has been a shrinking pool of county appraisers. Setting categories could cause some appraisers to refuse to apply for vacancies in certain counties.

Vice Chairperson Glasscock closed the hearing on HB 2747.

The Vice Chair opened the hearing on HB 2748.

HB 2748 - Kansas ratio study amendments.

David Cunningham, Director, PVD, testified in support of HB 2748 stating this bill addresses the Board of Tax Appeals decision in several ratio study cases. He said this bill has a positive fiscal impact because it will allow the division to reduce the number of sales that must be reviewed without affecting the quality of the study in larger jurisdictions (Attachment 2).

The hearing on HB 2748 was concluded by the Vice Chair.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on February 1, 1994.

Vice Chairperson Glasscock opened the hearing on HB 2746.

HB 2746 - Enjoinment of certain persons from engaging in business.

John Hale, Division of Collections - Legal Bureau, testified in support of HB 2746. He said this bill amends the withholding tax statutes to read like the Kansas retailers' sales tax statutes. This will allow the Department of Revenue to use the same criteria in obtaining a restraining order in a similar fashion for sales and withholding tax (Attachment 3).

A draft fiscal note prepared by the Division of Budget on HB 2746 was distributed (Attachment 4).

The hearing on HB 2746 was concluded by the Vice Chair.

Vice Chairperson Glasscock opened the hearing on HB 2749.

HB 2749 - Income tax warrant.

John Hale, Division of Collections - Legal Bureau, testified in support of HB 2749. He said that this bill amends the income tax statutes to read like the other tax statutes under the administration of the Department of Revenue. This will allow the Department to use the same criteria in issuing a tax warrant for unpaid Kansas taxes (Attachment 5).

A draft fiscal note prepared by the Division of Budget on HB 2749 was distributed (Attachment 6).

The Vice Chair concluded the hearing on HB 2749.

The meeting adjourned at 10:10 a.m.
The next meeting is scheduled for February 2, 1994.

DATE 2/1/94

REPRESENTING

[illegible]

STATE OF KANSAS

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Department of Revenue
Division of Property Valuation

MEMORANDUM

To: Representative Keith Roe, Chair
House Taxation Committee

From: David C. Cunningham, Director, *DCC*
Division of Property Valuation

Date: February 1, 1994

Subject: H.B. No. 2747

Thank you for the opportunity to appear in support of H. B. No. 2747.

K. S. A. 1993 Supp. 19-432 requires the Director to maintain a current list of persons eligible to be appointed as county appraiser. A candidate must successfully complete an examination and have one years experience to be eligible to be appointed as a county appraiser. To remain certified an eligible appraiser must successfully complete additional appraisal courses (30 hours per year). An additional requirement as of July 1, 1993 is that the candidate be certified by the Kansas Real Estate Board. Prior to the Board certification, an individual with one years experience and a passing grade could be the appraiser in any Kansas county. With the Board certification an additional year of experience is necessary.

The purpose of this bill is to provide statutory authority to categorize counties and develop an appropriate examination and continuing education requirements that fit various categories of counties. Different types of counties require different types of skills. For example, a large urban county requires the county appraiser to have not only superb appraisal knowledge, but also excellent management skills to deal with

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Attachment 1*

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large staffs. On the other end of the spectrum, a small rural county with a staff of three, including the appraiser, requires an individual with the technical abilities to do the hands on appraisal work. The needs in various size counties are different and this bill will allow the Division to recognize these differences and set appropriate standards for each.

I anticipate four categories, I through IV. The Division would develop four sets of criteria and four examinations. Obviously the county appraisers currently holding positions would be unaffected until they would want to move to a larger county. At that time they would be required to meet the criteria for that category county. I have previously discussed this concept with the committee as it was developed as part of the Plan submitted to Judge Bullock last year. The bill addresses future educational requirements to ensure that the most qualified individuals are eligible for the position of county appraiser. By continuing to enhance the professionalism of the appraisers office, the property tax system and thus the taxpayers will benefit. I have attached a copy of the appraiser certification provisions from the Plan.

I will be happy to answer any questions.

the 1992 CAMA Committee, county appraisers, the 1991 KSCAMA enhancements committee which were held pending further review and the Division's CAMA section. In 1993, the enhancements committee will review the suggested changes, develop specifications to determine the cost, conduct cost/benefit analysis and develop a final recommendation for implementation by the Director.

- Pursuant to the recommendations of the 1992 CAMA Committee, the Division will participate with county officials in planning for future data and software integration and for hardware and software changes.

The Director will establish a long term KSCAMA Planning Committee to begin meeting in 1993. The purpose of this committee will be to analyze the necessary changes to the KSCAMA system, both software and hardware, to meet the state's and counties' appraisal needs for the next ten to fifteen years. This planning process should be accomplished and the committee's final recommendations submitted to the Director not later than December 31, 1995. The Director will review the recommendations and work with the committee to develop cost estimates to be included in the Fiscal Year 1998 budget. Acquisitions and initial training should be completed thereafter for implementation in the 1998-2000 appraisal cycle.

7. ISSUE:

Appraisal training and education has always been important, particularly during reappraisal. However, because it is costly, some counties are not budgeting adequate training and educational resources for appraisers and their staffs to meet minimum appraisal requirements. If appraisers and their staffs are not adequately trained or educated in the basic appraisal skills, property values and uniformity will suffer.

SOLUTIONS:

The 1992 Legislature in Senate Bill 583 (L. 1992, Ch.178) sent a clear message that every county employee who was performing appraisal analysis functions shall be required to attend appraisal schools or establish that the necessary training to perform such functions has been completed. In 1992 and 1993, the Division met with county appraisal staff concerning minimum standards of education and training. The Appraisal Analysis Technician examination establishes the minimum standards for county staff. The Division's current eligibility examinations establishes the minimum standards for county appraisers. This examination will be revised to test the seven areas enumerated in the appraiser certification level discussion later in this section. The Division has in place an education and training program to assist in meeting these minimum standards. In calendar year 1993, 45 courses are scheduled for presentation to county staff. These courses will be presented 80 times in 15 locations throughout the state. (Division of PV, Continuing Appraisal Education Course Catalog is included as Appendix 2). New courses will be developed as needs are identified.

The Division has also begun developing, in conjunction with the Department of Education a valuation science associate degree program. County and Division appraisal staff alike will benefit from this program. The proposed curriculum will help prepare appraisal staff and appraisers for the certification examinations as well as improve their appraisal skills. The program is discussed in Appendix 3.

The Division will propose to the legislature appraiser certification levels based upon experience, education, property mix and complexity of appraisals required within the county or district. Educational qualifications and proficiency will be determined by the Director. Each appraisal district or county within the state will be rated for a

specific certification level for the appointed appraiser depending on the relative complexity of the property within the district or county. The appraiser must meet the appropriate certification level to be appointed county or district appraiser.

Certification level I would contain all counties or districts containing 5,000 parcels and less; certification level II would contain 5,001 to 10,000 parcels; certification level III would contain 10,001 to 50,000 parcels; and certification level IV would contain greater than 50,000 parcels. The certification examination would test a minimum of seven subject areas. These areas are: (1) Appraisal math, (2) Rectangular survey, (3) Mapping, (4) Law, (5) Appraisal knowledge (real, personal & use value), (6) Administration and (7) Communication skills. Each certification level would be tested on each of these seven areas, with the number of questions from each category varying based on the size or complexity of the county or district. The examination for each of the four levels are independent of one another, and an individual need not successfully complete a certification examination at one level before attempting the examination for another level. Experience must be appraisal experience, rather than experience in a related area, and must be approved by the Director. Certification level I would require 1 year experience; certification level II would require 5 years experience; certification level III would require 8 years experience; and certification level IV would require 12 years experience.

The Division will issue a directive authorizing the Appraisal Analysis Technician to perform certain functions under the direct supervision of a county or district appraiser. The authorized functions are: measuring and listing of land and improvements; calculating building cost data from information contained on cost analysis forms; reading maps and researching plats and charts for a county or

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Department of Revenue
Division of Property Valuation

MEMORANDUM

To: Representative Keith Roe, Chair
House Taxation Committee

From: David C. Cunningham, Director, *DC*
Division of Property Valuation

Date: February 1, 1994

Subject: H.B. No. 2748

Thank you for the opportunity to appear in support of H. B. No. 2748.

H.B. 2748 amends the Kansas Ratio Study Act (K.S.A. 79-1485 et seq.) to address the Board of Tax Appeals' decision in several ratio study cases. The Board has indicated that all sales must be used to calculate ratio study statistics which results in an incorrect study. H.B. 2748 also provides that the director may use the statistical information gathered in conducting the ratio study to assist in determining substantial compliance under K.S.A. 79-1445, that deeds and real estate sales validation questionnaires filed after February 1 of the study year shall not be used in determining any counties' ratio, and that ratio study appeals shall be heard under the summary proceeding provisions of the Kansas Administrative Procedure Act with 10 days of the written notice of appeal with findings and a final order within 15 days of the conclusion of such summary proceeding.

This bill has a positive fiscal impact because it will allow the Division to reduce the number of sales that must be reviewed without affecting the quality of the study in larger jurisdictions. The bill will also help by allowing the Division to use four years of sales rather than one when a

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county has limited sales for the study year. The Ratio Study Committee and the IAAO standards support these changes.



KANSAS DEPARTMENT OF REVENUE
Division of Collections - Legal Bureau

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TESTIMONY OF KANSAS DEPARTMENT OF REVENUE
IN SUPPORT OF HOUSE BILL 2746

TO: House Committee on Assessment and Taxation
FROM: John Michael Hale, Kansas Department of Revenue
DATE: February 1, 1994
RE: House Bill 2746

BRIEF OF BILL:

Amends the withholding tax statutes to read like the Kansas retailers' sales tax statutes. This will allow the department to use the same criteria in obtaining a restraining order in a similar fashion for sales and withholding tax.

HB 2746
AMENDMENTS CONTAINED IN SENATE BILL 109:

Modifies the phrase "employer" to "person" for withholding tax. Allows the department to prohibit any business activity based on non-payment of Kansas sales or withholding taxes. The proffered amendments consolidate the statutes to read alike, and provides for a uniform standard in enforcement of the withholding and sales tax statutes.

Should any committee member need additional information or clarification please contact Michael Hale at 296-6124.

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*House Taxation Cmte
Attachment 3*

MEMORANDUM

TO: Ms. Gloria M. Timmer, Director
Division of Budget

DATE: January 28, 1994

FROM: Kansas Department of Revenue

RE: House Bill 2746
as introduced

BRIEF OF BILL

House Bill 2746 as introduced amends K.S.A. 79-3294a and K.S.A. 1993 Supp. 79-3630. This bill forbids persons owing withholding or sales tax from engaging in business. Section 1 removes the option of the Secretary of Revenue to dismiss the injunction if the employer becomes current in their withholding tax.

This act shall take effect after its publication in the statute book.

FISCAL IMPACT:

Passage of this bill would not affect state general fund revenues.

ADMINISTRATIVE IMPACT:

None.

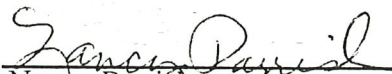
ADMINISTRATIVE PROBLEMS AND COMMENTS:

None.

LEGAL IMPACT:

None.

APPROVED BY:



Nancy Parrish
Secretary of Revenue

2/1/94

House Taxation Comte
Attachment 4



KANSAS DEPARTMENT OF REVENUE
Division of Collections - Legal Bureau

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TESTIMONY OF KANSAS DEPARTMENT OF REVENUE
IN SUPPORT OF HOUSE BILL 2749

TO: House Committee on Assessment and Taxation
FROM: John Michael Hale, Kansas Department of Revenue
DATE: February 1, 1994
RE: House Bill 2749

BRIEF OF BILL:

Amends the income tax statutes to read like the other tax statutes under the administration of the Department of Revenue. This will allow the department to use the same criteria in issuing a tax warrant for unpaid Kansas taxes.

HB 2749
AMENDMENTS CONTAINED IN ~~SENATE BILL 109~~:

Modifies the terms of sheriff execution from 60 days to 90 days. Allows the sheriff an additional thirty days in which to collect Kansas taxes through the warrant process. Amendment will allow the department to use one tax warrant for multiple debts. This will save the department and local units of government time, paper and other related expenses.

Should any committee member need additional information or clarification please contact Michael Hale at 296-6124.

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*House Taxation Cmte
Attachment 5*

MEMORANDUM

TO: Ms. Gloria M. Timmer, Director
Division of Budget

DATE: January 31, 1994

FROM: Kansas Department of Revenue

RE: House Bill 2749
as introduced

BRIEF OF BILL

House Bill 2749 as introduced amends K.S.A. 79-3235 pertaining to tax warrants.

Section 1 is revised to extend the time period from 60 to 90 days for the sheriff to execute a tax warrant against real and personal property.

It is effective from and after its publication in the statute book.

FISCAL IMPACT:

Passage of this bill would not affect state general fund revenues.

ADMINISTRATIVE IMPACT:

None.


ADMINISTRATIVE PROBLEMS AND COMMENTS:

None.

LEGAL IMPACT:

None.

APPROVED BY:



Nancy Parrish
Secretary of Revenue

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