

Approved: 3/22/94
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Keith Roe at 9:00 a.m. on March 21, 1994 in Room 519-S of the Capitol.

All members were present except: Representative Crowell, excused
Representative Grotewiel, excused
Representative Wagle, 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

Others attending: See attached list

The minutes of March 16 and March 17, 1994, were approved as read.

Chairperson Roe directed the Committee to turn to SB 572.

SB 572 - director of PVD deemed agency head for KAPA purposes.

A motion was made by Representative Larkin, seconded by Representative Lahti, to report SB 572 favorable for passage. The motion carried.

Chairperson Roe directed the Committee to turn to SB 542.

SB 542 - property taxation; appraisal, actual viewing; protests for illegal levies.

David Cunningham, Director, Division of Property Valuation reviewed several proposed amendments which are essentially the contents of HB 2748 regarding the Kansas real estate ratio study act (Attachment 1).

A motion was made by Representative Lahti, seconded by Representative Lowther, to amend SB 542 by using the proposed amendments in (Attachment 1).

A substitute motion was made by Representative Wempe, seconded by Representative Wagon, to amend SB 542 that all valid sales be included in the ratio study. The motion failed.

The Chair directed the Committee to return to the original motion by Representative Lahti to amend SB 542. The motion carried with a vote count of 11 ayes and 6 nays.

A motion was made by Representative Shriver, seconded by Representative Larkin to amend SB 542 by changing the effective date from publication in the statute book to publication in the Kansas register. The motion carried.

A motion was made by Representative Larkin, seconded by Representative Welshimer, to conceptually amend SB 542 to change the 10,000 parcel count threshold to 7,500. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on March 21, 1994.

A motion was made by Representative Wagnon, seconded by Representative Wilk, to amend SB 542 on page 2, line 34 from "six" to "four" years, and on line 36 of page 2 from "16 2/3%" to "25%". The motion carried.

A motion was made by Representative Larkin, seconded by Representative Shriver, to pass SB 542 favorable as amended. The motion carried.

The Chair directed the Committee to turn to SB 479.

SB 479 - payment of state taxes by credit card.

A motion was made by Representative Wagnon, seconded by Representative Lowther, to report SB 479 favorable for passage. The motion carried.

The meeting adjourned at 9:55 a.m.

The next meeting is scheduled for March 22, 1994.

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REPRESENTING

[illegible]

AN ACT relating to property taxation; amending the Kansas real estate ratio study act; amending K.S.A. 1993 Supp. 79-1485, 79-1486, 79-1488, 79-1489 and 79-1492 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1993 Supp. 79-1485 is hereby amended to read as follows: K.S.A. 79-1485. (a) This act shall be known and may be cited as the Kansas real estate ratio study act.

(b) The purpose of this act is to provide statistical information regarding the relationship of the appraised value to the selling price of real estate which has sold during the study year and the relative level of uniformity of appraisal within and among counties and to report such information in convenient form to the legislature and other interested parties. *The statistical information determined pursuant to this act may be used by the director in carrying out his or her duties, including, but not limited to, assisting such director in the determination of substantial compliance under K.S.A. 79-1445, and amendments thereto.*

Sec. 2. K.S.A. 1993 Supp. 79-1486 is hereby amended to read as follows: K.S.A. 79-1486. As used in this act:

(a) "Sale" or "sales" shall include all transfers of real estate for which a real estate sales validation questionnaire is required by K.S.A. 79-1437c, and amendments thereto; *however, all sales for which a real estate sales validation questionnaire is required by K.S.A. 79-1437c need not be included in the final ratios determined;*

(b) "Valid sale" is a sale that is an indicator of "fair market value" as defined in K.S.A. 79-503a, and amendments thereto;

(c) "Invalid sale" is a sale that is not an indicator of "fair market value" as defined in K.S.A. 79-503a, and amendments thereto;

(d) "Unvalidated sale" is a residential subclass sale that was not selected through a random sampling process and has not been determined to be either a "valid sale" or an "invalid sale" as defined above;

(b) (e) "real estate" shall include land, improvements and structures which are appraised as real property;

(e) (f) "director" shall mean the director of property valuation;

(d) (g) "classification" shall mean those classifications which apply to real property contained in K.S.A. 79-1439, and amendments thereto, or any stratification which may be prescribed by the director;

(e) (h) "average" shall mean that measure or measures of central tendency which the director shall determine best describes a group of individual ratios;

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(f) (i) "ratio" shall mean the numerical relationship between the appraised or assessed value and the selling price; and

(g) (j) "study year" shall mean that twelve-month period beginning annually on January 1.

Sec. 3. K.S.A. 1993 Supp. 79-1488 is hereby amended to read as follows: K.S.A. 79-1488. It shall be the duty of the director to obtain all information relating to each sale of real estate as the director shall deem necessary to carry out the intent and purposes of this act. The director shall prescribe the form in which the data is obtained. ~~The director shall assign agents who shall verify that all sales are included. The director shall and~~ categorize each sale as "valid," "invalid" and "unvalidated" as defined in K.S.A. 79-1486, and amendments thereto. The director shall, using only sales that have been categorized as "valid," determine the ~~average median~~ ratio of real estate sales in relation to the county's certified value, the price related differential, and the coefficient of dispersion for each classification of property in each county. If, in the director's opinion, sales from the study year are insufficient to determine reliable ratios for any classification of property in any county, sales from the ~~twelve-month~~ four-year period preceding the study year may be used to supplement study year sales or the director may obtain or conduct appraisals for the purpose of supplementing, verifying or correcting ratios for the study year. *The director may select random samples of residential subclass sales where sufficient sales are available to determine reliable residential subclass ratios for any county. Data from deeds, other instruments of conveyance and real estate sales validation questionnaires recorded or filed with the register of deeds on or after the first day of February next ensuing the study year shall not be used in determining the ratios for any county.*

Sec. 4. K.S.A. 1993 Supp. 79-1489 is hereby amended to read as follows: K.S.A. 79-1489. The director shall determine the mid-year ratios for each county and notify the board of county commissioners thereof. When the final ratios are determined, the director shall notify the board of county commissioners of each county of the ratios determined for such county. If the board of county commissioners disagrees with the ratios determined for the county, such board, within 15 days after receipt of such notice, may appeal such determination to the state board of tax appeals. Written notice of appeal shall be served on the state board of tax appeals and the director by certified mail. The notice of appeal shall clearly and specifically state the facts upon which the appeal is based. The state board of tax appeals shall conduct a

~~hearing summary proceeding~~ in accordance with the provisions of the Kansas administrative procedure act within ~~10~~ 30 days of receipt of the written notice of appeal and shall ~~notify all parties of the findings issue findings and a final order~~ within 30 days after the conclusion of ~~the hearing such summary proceeding~~. If the state board of tax appeals finds that corrections in the ratios are necessary, it shall order the director to make necessary corrections consistent with such findings prior to the publication of the study.

New Sec. 5. K.S.A. 1993 Supp. 79-1437e is hereby amended to read as follows: K.S.A. 79-1437e. (a) The real estate sales validation questionnaire required by this act shall not apply to transfers of title:

- (1) Recorded prior to the effective date of this act;
- (2) made solely for the purpose of securing or releasing security for a debt or other obligation;
- (3) made for the purpose of confirming, correcting, modifying or supplementing a deed previously recorded, and without additional consideration;
- (4) by way of gift, donation or contribution stated in the deed or other instrument;
- (5) to cemetery lots;
- (6) by leases and transfers of severed mineral interests;
- (7) to a trust, and without consideration;
- (8) resulting from a divorce settlement where one party transfers interest in property to the other;
- (9) made solely for the propose of creating a joint tenancy or tenancy in common;
- (10) by way of a sheriff's deed;
- (11) by way of a deed which has been in escrow for longer than five years;
- (12) by way of a quit claim deed filed for the purpose of clearing title encumbrances; ~~or~~
- (13) when title is transferred to convey right-of-way or pursuant to eminent domain.
- (14) *made by a guardian, executor, administrator, conservator or trustee of an estate pursuant to judicial order;*
or
- (15) *when title is transferred due to repossession.*

(b) When a real estate sales validation questionnaire is not required due to one or more of the exemptions provided in subsection (a), the exemption shall be clearly stated on the document being filed.

Sec. 56. K.S.A. 1993 Supp. 79-1492 is hereby amended to read as follows: K.S.A. 79-1492. The provisions of this act shall apply to all taxable years commencing after December 31, ~~1991~~ 1992. ~~Sales from the period commencing September 1, 1991, and ending December 31, 1991, shall be included in the 1992 ratio study.~~

Sec. 67. K.S.A. 1993 Supp. 79-1437e, 1485, 79-1486, 79-1488, 79-1489 and 79-1492 are hereby repealed.

Sec. 78. This act shall take effect and be in force from and after its publication in the statute book.