



APPRAISER'S OFFICE

110 Courthouse Plaza
Manhattan, Kansas 66502
Phone: 785-537-6310
Fax: 785-537-6312

E-mail: gmchenry@rileycountyks.gov

March 4, 2013

Chairman Richard Carlson
House Taxation Committee
State Capitol, Room 582-N
Topeka, KS 66612

Re: H.B.2134

Dear Chairman Carlson and Members of the Committee:

I am the Riley County Appraiser. On behalf of my office and the Kansas County Appraisers Association, I oppose H.B. 2134.

There are several problems with the bill's language that I believe will ultimately create inequities in property valuations. The first is the bill's expansion of Small Claims to include properties with values greater than \$2,000,000 if/when the valuation has been increased following an appeal which resulted in a valuation reduction. The Small Claims Division works very well for homes, smaller value commercial properties, etc. It was not designed to provide adequate time or expertise for more complex, larger value properties. The 20 minutes allotted for Small Claims hearings would not do either party justice in their efforts to present their case. In addition, Small Claims officers are not adequately qualified for valuation decisions of higher value, more complex properties. Decisions made by less qualified hearing officers in hearings with severe time restraints will inevitably lead to inequitable decisions for property owners and counties.

The second problem area in HB 2134 is the bill's requirement that county appraisers adopt fee appraisals as a property's valuation when fee appraisals are provided by the property owner. County appraisers welcome any & all valuation evidence presented by property owners, including fee appraisals. However, not all fee appraisals are valid or appropriate for our purposes. As examples:

- Fee appraisals can be made for many different scopes & purposes. Appraisals can be made for re-financing, sales listings, estate settlements, property exchanges, partnership buy-outs, mergers, etc. The values described in those types of appraisals can vary greatly and could result in inaccurate valuations, detrimental to either or both parties.
- Date of appraisal is extremely important. County values have an effective date of appraisal of January 1st each year. This bill would allow appraisals that are many years old, which could result in inaccurate, inequitable values that are too low or too high.
- Many commercial appraisals are made for leased fee purposes instead of fee simple. This means the appraisal is likely based on the business interest instead of the real estate. County appraisers are required to appraise properties on a fee simple basis. Using appraisals that are less than fee simple could result in highly inaccurate valuations.

A third problem with the bill is its requirement that counties be required to pay attorney fees and costs to property owners when valuations are reduced through the appeals process. Counties are already required to pay interest on refunds and currently budget for that. Budgeting for other parties attorney fees, etc. would be extremely difficult.

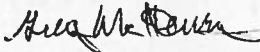
The fourth problem with this bill is the requirement to change the "roll-over" provision from 1 year to 3 years for properties whose values have been reduced through an appeal. This would result in inequities among similar properties whose values are not kept the same for 3 years. The roll-over values can be far below or far above actual market value.

The fifth problem with HB 2134 is the definition of "substantial and compelling reasons" described in the bill. The language does not allow for valuation adjustments for interior finishing or remodeling that occur within properties. This could result in large inequities between similar properties.

Another problem area with HB 2134 is the requirement for county appraisers to initiate production of evidence at least 48 hours before a scheduled valuation hearing. County appraisers encourage property owners to review their property records and/or comp sheets prior to their appeals. Counties already make property record cards, comp sheets, etc. available on the date of mailing for valuation notices. Many counties make these documents available on-line during the informal appeals process at no cost to property owners.

HB 2134 is unnecessary and it presents many problems for counties and property owners alike. Please do not pass to the House floor H.B. 2134.

Sincerely,



Greg McHenry
Riley County Appraiser

cc: Board of Riley County Commissioners
Senator Tom Hawk
Representative Sydney Carlin

Representative Vern Swanson
Representative Tom Phillips
Representative Ron Highland