



KANSAS
ASSOCIATION OF
COUNTIES

TESTIMONY OF THE KANSAS ASSOCIATION OF COUNTIES

ON HB 2134

MARCH 6, 2013

Chairman Carlson and Members of the Committee:

My name is Randall Allen and I am the Executive Director of the Kansas Association of Counties. HB 2134 makes several changes to the property tax appeals process that concern KAC.

First, the bill allows an appeal to the Small Claims and Expedited Hearings Division of the Court of Tax Appeals for *any* property that saw increased valuation in the three years following an appeal that reduced the property's valuation. This means more complex and expensive properties will go before the Small Claims Division even though this division was intended to address only smaller, less-expensive properties. In particular, residential properties were the intended purview of the Small Claims Division. KAC is concerned that the Small Claims Division is not staffed with enough hearing officers to take on more areas of property valuation, and the staff may not be knowledgeable on complex properties. The Small Claims Division is expected to provide an expedited process to taxpayers, yet HB 2134 will deliver to that division complex cases that will slow the process.

Our second concern is that the bill says if the county appraiser declines to adopt the taxpayer's own valuation appraisal, the county appraiser must prove by preponderance of evidence that the appraisal is invalid. If the taxpayer proceeds with his valuation appeal and the property value is reduced, the county must pay attorney fees and costs. The bill does not require that the valuation be reduced to the amount given in the taxpayer's appraisal in order to receive attorney fees and costs. Counties already pay interest on property tax refunds to the taxpayer, and interest can be reasonably calculated and budgeted. Attorney fees and costs cannot be easily calculated, and are a further drain on the county coffers.

HB 2134 does not specify any date requirement for the taxpayer's appraisal; can it be five-years-old, ten-years-old? The bill does not specify that the appraisal be conducted for the purpose of appealing property taxes; was the appraisal conducted for insurance purposes, for the sale of the property, for a merger? In other words, the valuation appraisal presented by the taxpayer pursuant to this legislation need not be current or an appraisal conducted specifically for the valuation process.

Our third concern is that HB 2134 prohibits an increased valuation for the three years following a reduction awarded in the appeals process, except for substantial and compelling reasons. The reasons allowing an increase are newly defined to mean an expansion or enlargement of the

property, but not maintenance, renovation, or repairs of the existing structures that do not expand the square footage. This language prevents an increase in valuation to a property that has been fixed following damage or deferred maintenance. If a property is damaged or neglected, its value decreases as does its taxes. Once that property is fixed and restored, its value and taxes should increase. This provision ignores the concept of fair market value of property.

Lastly, the bill requires that the county appraiser initiate production of evidence to substantiate the property's valuation, which includes providing to the taxpayer the data sheet of comparable sales. This information is available to the taxpayer now. In fact, counties that use the sales-comparison model for valuation include the comparable sales on the valuation notice sent to the taxpayer!

KAC opposes HB 2134 and we encourage the committee members to keep it in committee.

Randall Allen, Executive Director