

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on January 30, 2008 in Room 519-S of the Capitol.

All members were present except:

Derek Schmidt- excused
Anthony Hensley-excused

Committee staff present:

Gordon Self, Office of Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Scott Wells, Office of Revisor of Statutes
Ryan Hoffman, Kansas Legislative Research Department
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Don McNeeley, Kansas Automobile Dealers Association
Paul Welcome, Johnson County Appraiser
Tony Folsom, Deputy Director, Kansas Department of Revenue (KDOR)

Others attending:

See attached list.

Chairman Allen reminded Committee members of the Joint Assessment & Taxation Committee and Senate Commerce Committee meeting on Friday, February 1, at 8:30 a.m. in Room 123-S for the purpose of hearing **SB 497**.

Senator Apple moved to amend a previously introduced sales tax exemption bill by including Linn County Fair Association and Anderson County Fair Association in the bill. Senator Bruce seconded the motion, and the motion passed.

Don McNeeley, Kansas Automobile Dealers Association, requested introduction of a bill regarding the extension of the sales tax exemption on motor vehicle manufacturer rebates. (Attachment 1)

Senator Bruce moved to introduce Mr. McNeeley's requested legislation. Senator Jordan seconded the motion, and the motion passed.

Discussion was held on **SB 444**—Property tax exemption for certain tangible personal property with purchase price less than \$1,500. Richard Cram, Kansas Department of Revenue (KDOR), said he estimates the State would lose approximately one million dollars if this bill passed. Senator Donovan noted this would be a minimal cost to counties when spread across the state. Paul Welcome, Johnson County Appraiser, said in Johnson County roughly 3,000 items equal approximately 80% of the appraised value of “other personal property”, and roughly 12,000 items equal approximately 20% of the appraised value of “other personal property.”

Senator Bruce moved to amend **SB 444** by giving the Revisor of Statutes, Gordon Self, liberty to make technical amendments as needed. Senator Jordan seconded the motion, and the motion passed.

Senator Jordan moved to pass **SB 444** as amended favorable for passage. Senator Donovan seconded the motion, and the motion passed.

Tony Folsom, Deputy Director, KDOR Property Valuation Department (PVD), gave a review of the new Computer Assisted Mass Appraisal (CAMA) System (Orion). (Attachment 2) The current system has been used since the 1989 tax year, however, the system is based on 1975 technology. In 2003 Tyler Technologies, Inc. was selected as the vendor to provide a new statewide CAMA System, referred to as Orion. In 2004, Orion was installed in Douglas, Johnson and Riley Counties. Mr. Folsom reviewed the costs of the current system and the Orion system that is being implemented. He said he knew of no additional costs to counties with the Orion system in staff or hardware. KDOR made the decision to

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MINUTES OF THE Senate Assessment and Taxation Committee at 10:30 A.M. on January 30, 2008 in Room 519-S of the Capitol.

use only one appraisal system statewide due to the ease of using the same database and training sessions for the system throughout the state. KDOR is implementing the Orion system in a few counties at a time. Currently there are 29 counties using the system. KDOR wants all counties on the ORION/CAMA system by the end of 2010.

Paul Welcome, Johnson County Appraiser, updated the Committee on how the Orion System is working in Johnson County. (Attachment 3) The experience has been challenging and a struggle for his staff. They have found various issues and deficiencies with the system. Johnson County has a separate contract for software support with Tyler Technologies. However, most counties will not be able to afford an additional support system contract. Mr. Welcome stated a large part of the problem is with Tyler Technologies because Tyler's customer support is deficient. The software has the potential to be a good valuation system, but it is not there yet. Mr. Welcome is not satisfied with the overall product, but also emphasized it is extremely important the state have only one appraisal system in place.

Margaret Archer, Osage County Appraiser, testified on Osage County's experience with the Orion System. (Attachment 4) She was eager to implement the system so she could electronically store multiple years of appraisal information. PVD has provided additional attention and assistance to her. Converting to the Orion System has been a very difficult task. She disagreed with Mr. Folsom that no additional costs have been incurred by counties. Osage County has incurred approximately \$25,000 in hard costs to date, and she anticipates an additional \$10,000 in overtime costs.

In response to Senator Donovan, Mr. Folsom said \$3 of each car title fee goes to CAMA funding. In response to Senator Apple, Mr. Folsom said KDOR and individual counties make the decision on the time line of implementation of Orion. Ms. Archer said the timing is an internal decision within the county made by the County Commissioners and the County Appraiser. At some point, KDOR will stop support for the old appraisal system.

Training of county employees was discussed. All training classes are held in Topeka, and counties must provide their employees' expenses to attend. The KDOR pays for the actual cost of the training classes, thus there is no charge to employees for the class. Ms. Archer said this could be quite a financial burden to some counties because of the distance from Topeka, especially those in Western Kansas. Mr. Folsom said KDOR has twelve laptop computers and is working toward holding classes in remote locations. However, KDOR has not yet held any classes outside of Topeka.

Being no further business, the meeting adjourned at 11:35 a.m. The next meeting will be January 31.