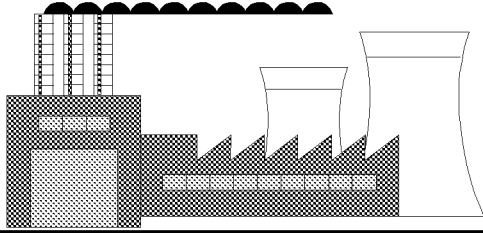


PROPERTY TAX NEWS



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STATE REAL PROPERTY TAX RATE SET

The 2000 state real property tax rate has been set at 14.1 cents per \$100 of assessed valuation. Under House Bill 44, the rate must be reviewed each year and adjusted to ensure that no more than a 4 percent cumulative increase in revenues is realized over the previous year. The 2000 rate of 14.1 cents per \$100 valuation represents nearly a 5 percent reduction from the 1999 rate.

According to Secretary Mike Haydon, "The estimated total real property assessment for the 2000 tax year is \$129 billion. Residential property assessments are estimated to be \$83 billion, commercial property assessments are estimated at \$33 billion, and farm assessments are estimated to be \$13 billion."

The establishment of the 2000 tax rate enables those counties certified by the Revenue Cabinet to proceed with tax bill preparation once the local rates are set.

GOFF WINS NOMINATION IN BOONE COUNTY

Paula Goff defeated Arlene Jones-Singleton to win the democratic nomination for Property Valuation Administrator in Boone County. She will face Ron Burch, the republican candidate, in the November general election. Burch defeated opponent Shawn Staggs. Goff was appointed in January to fill the position vacated by the resignation of David Turner.

John Steele, who was appointed Pendleton County PVA by Governor Patton in February, ran unopposed in the May primary.

COMMERCIAL SALES FILE BEING CREATED

Within the next few months, field representatives will be collecting information for the statewide commercial and industrial sales database. We ask your assistance in helping field representatives identify all sales of these types of properties in your county which have occurred since 1998.

Debbie Boyd has recently reworked the database these sales are stored in, and the Department can now offer a very attractive and functional one-page report including a color digital photograph of each property.

Once this project is completed, it should be a very useful tool in appraising commercial and industrial properties and we hope all PVAs will take full advantage of it.

NEW PVA APPOINTED IN BOURBON COUNTY

Governor Paul Patton appointed Wayne Turner Property Valuation Administrator in Bourbon County. Turner was one of six persons who took a special qualifying examination administered by the Department on March 25, 2000. His appointment will expire when the results of the general election are final in November.

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Subsidized Housing - An Assessors View
By Paul E. Jones, RES

The valuation of low-income housing for assessment purposes has been a contentious topic in numerous taxation jurisdictions all across the United States. Low-income housing has been valued by assessing officials and the courts using differing techniques and reaching disparate conclusions. The decisions in various states have pointed in several directions and indicated a number of critical assessment dilemmas.

As the nation continues to enjoy a healthy economy and high employment rate, the demand for affordable housing continues to rise to staggering levels. With interest from all facets of the market - developers, syndicators, lenders and investors - it is a burgeoning industry, characterized by both positive and negative issues. On the plus side, you'll see a growing amount of activity. On the down side, however, pundits predict that the shortage of low-income housing shows no signs of abating.

Section 172 of the Kentucky Constitution requires a "fair cash standard" in valuing property, including federally subsidized property. While KRS 132.010 defines "Real Property" as all lands within this state and the improvements thereon. The Uniform Standards of Professional Appraisal Standards (USPAP) defines subsidized housing as single - or multi - family real estate targeted for ownership or occupancy by low - or moderate - income households as a result of public programs and other financial tools that assist or subsidize the developer, purchaser, or tenant in exchange for restrictions on use and occupancy.

There are many different Federal Programs involving subsidized housing. This article will focus on the valuation of the Section 515 - IRS 42 program.

Property Rights Issues

According to USPAP Advisory Opinion 14 (AO-14), subsidies and incentives that encourage housing for low- and moderate households may create intangible property rights in addition to real property rights and also create restrictions that modify real property rights. The assessor should discern the differences between the real and intangible rights and value the various rights involved.

Low-Income Housing Tax Credits (LIHTCs) are an example of an incentive that results in intangible property rights that are not real property.

Appraisal Issues

In terms of approaches, the income approach to value is the recommended approach for the valuation of a Section 42 project. The cost approach confirms the fact that the restricted rents caused the real property component of such properties to be worth less than the development cost, with the difference being made up by the value of the tax credits. With virtually no sales of these types of properties, the sales comparison approach can rarely be used.

Gene Stuard (the Department's contract appraiser) has developed (with the assistance of the Department, PVA offices, and the Kentucky Housing Corporation) a method for valuing Section 515 - IRS 42 type housing. Gene is a highly respected, designated and qualified appraiser. His method is very justifiable and reflects the motivations of this type of property market participants.

The issue of valuing subsidized housing is still evolving. We will be introducing this method at the IAAO national conference in September and at the fall conference in October. It is hoped this valuation method will be implemented for the 2001 tax year. If you need assistance before then on these type of properties, please don't hesitate to call at (502) 564-8338.



**SUMMER CONFERENCE
AGENDA FINALIZED**

The agenda has been finalized for the 2000 PVA Summer Conference in Northern Kentucky. Registration begins on Sunday, July 23, at 4:00 p.m. Three concurrent workshop sessions will be held Tuesday morning beginning at 9:00 a.m. Tuesday afternoon will conclude with an awards luncheon and a business session. The Kentucky Chapter of IAAO will have a meeting immediately following the business session and Monte Carlo night begins at 7:00 p.m.

The conference will conclude on Thursday with a presentation by the Revenue Cabinet at 9:00 a.m. and a business session that afternoon. The week will conclude with the traditional banquet at 7:00 p.m.

PVAs and Deputies meeting the requirements to receive their CKA or SKA designation at the summer conference must complete an application by July 14, 2000. Anyone submitting an application after this date may have to wait until the Fall Conference to receive their designation. Please fax your application to Cindy Meholovitch at 502-564-8368.



EDUCATION UPDATE



House Bill 538, passed by the 2000 General Assembly, made significant changes in the way PVAs are compensated. In addition to the \$300 a month provided for in KRS 132.597, PVAs may also receive \$706.02 for each 40 hour training unit completed. The Education and Research Branch has developed rules and procedures for the implementation of House Bill 538, which were sent to all PVAs several weeks ago.

In order to qualify for the salary increase under the new statute, all PVAs need to obtain 40 hours; PVAs who have earned their Senior Kentucky Assessor designation must earn 15 hours to fulfill the requirements of KRS 132.597, PVAs without an SKA must earn 30 hours. Hours can be earned concurrently. PVAs are allowed to carry hours earned into the next year under HB 538, but hours do not carry over for KRS 132.597.

Courses and workshops sponsored by the Department of Property Valuation, regional meetings, summer and fall conferences will count as training hours under HB 538. Also included are conferences and courses sponsored by the IAAO, the Kentucky Association of County Officials, and courses sponsored by the Governmental Services Center. In order to receive hours for any other training event, PVAs must submit a "Request for Training Credit" form to the Education and Research Branch fourteen days prior to the event. Students attending an event not sponsored by the Department must show proof of attendance (certificate, sign-in sheet) in order to receive credit.



Course Update

Advanced GEOSYNC classes are scheduled for July 11, July 18, August 8, and August 16. These courses will be held at 200 Fair Oaks, Training Room F. If you are interested in attending, please fax a registration form to (502) 564-8368.

The TRIM staff will conduct one-day workshops for those counties printing tax bills using the TRIM system August 7, 9, 10 and 11. Classes will be held in the 200 Fair Oaks Building, Training Room F. To register, complete a registration form and fax it to (502) 564-8368.

The Word, Excel and Access classes originally scheduled in 1998 are being held this year on the following dates:
Word: August 22, 23 and 24
Excel: August 29, 30 and 31
Access: Sept. 19, 20 and 21.

Anyone originally registered for these classes should have received a letter informing them of these dates, anyone who would like to attend but not previously registered should fax a registration form to (502) 564-8368.

The following classes are closed:

- Ky. Course 1 Aug. 21-24
- Ky. Course 2 Sept. 18-21
- Ky. Course 5 Sept. 18-21



2000 IAAO CONFERENCE EDMONTON, ALBERTA

"Assessing the Future" is the theme of the 66th annual IAAO Conference scheduled for September 10 through 13, 2000 in Edmonton, Alberta, Canada.

The Conference will be held at the Shaw Convention Centre, located downtown on the banks of the North Saskatchewan River.

Conference events with a Kentucky connection include three workshops and a meeting/reception. "GIS and the Rural Assessor" will be presented on Monday at 10:00 a.m. by Nick Kearney, Revenue Cabinet, Marsha McQueary, Garrard County PVA, and Ron Householder of the MapSync Co. "Subsidized Housing-Town Hall Debate and Forum" will be presented on Tuesday at 10:00 a.m. by Paul Jones, Revenue Cabinet, and a panel of experts. And, back by popular demand, "Assessment Trivia" will be presented by the Revenue Cabinet's now-famous trivia team on Wednesday afternoon at 1:30.

PVAs attending conference workshops can receive credit towards their hours of education if they have verification of attendance (IAAO recertification credit form).

The Kentucky Chapter of IAAO will sponsor a meeting and reception Tuesday afternoon from 4:00 to 6:00 pm. The exact location of this function is undetermined at this time but will be listed in the Conference Program. All Kentucky Chapter attendees and special guests are invited to attend the meeting and reception.



**PVA ADMINISTRATIVE
SUPPORT BRANCH
CHANGES**

In an effort to better serve the PVA offices, the PVA Administrative Support Branch has implemented new procedures for handling personnel actions. Each staff member is now responsible for all personnel actions with a group of counties. Donna Seeberger is handling Adair - Graves counties; Kim Holt is responsible for Grayson - Lyon counties and Cyndi Abrams now works with McCracken - Woodford counties. Please direct questions to the staff member responsible for your county. Karen Bond has also joined the staff as an Administrative Assistant. All staff members are qualified to answer any general questions at any time.

The Governor's Wage Equity program went into effect July 1; however, due to PVA offices being non-P-1 employees, it is uncertain how the grade changes and salary increases affect the deputies and their job titles. This office has met with the Personnel Cabinet and the Governor's Office for Policy and Management concerning the effect on PVA offices and has requested that the PVA Deputy Classification Committee convene in Frankfort to go over the wage equity

program. After this meeting, the Branch will have a better understanding of these changes and be able to answer your questions. Any salary adjustments will be reflected on the July 30th paycheck or as supplemental checks when completed and processed by the office.



**PERSONNEL CHANGES
WITHIN THE DEPARTMENT
OF PROPERTY VALUATION**

Lynda Campbell, Commissioner Lang's secretary, has left the Department to accept a position in the Division of Legal Services. Stacey Ewalt is now working in the Commissioner's Office, but will continue to be involved in the Education Program and coordinate Fall Conference.



**DEPARTMENT EMPLOYEE
RETIRES**

Lisa Foley, a long time Department employee, retired June 30, 2000. Foley spent her entire career in Property Valuation working with personal property and was a friend to many PVAs and deputies. Enjoy your retirement Lisa!



**FROM THE
COMMISSIONER'S DESK**

The first half of the year 2000 has been a difficult one for me due to the long illness and eventual death of my mother. I have been comforted by the great memories of her and strengthened by all the forms of sympathy expressed by Cabinet employees and PVA offices around the state. Expressions of sympathy included: flowers, cards, funeral home visitations, plants, letters, donations to the Cancer Society, attendance at the funeral, library donations and many thoughtful and compassionate conversations.

I will never forget the wonderful and loving mother that I had, but neither will I forget the caring friends that came through for me when I needed you most. Thanks!

Vince



**CALENDAR OF EVENTS
SUMMER 2000**

| | | | |
|-------------------|------------|----------------|---------------------------|
| IAAO 102 | July 10-14 | Frankfort | Best Western |
| Ky 4 | July 10-14 | Slade | Natural Bridge State Park |
| Ky. 9 | July 10-14 | Prestonsburg | Jenny Wiley State Park |
| IAAO 101 | July 17-21 | Frankfort | Best Western |
| Summer Conference | July 24-27 | Florence | Commonwealth Hilton |
| Ky. 8 | Aug. 14-17 | Cadiz | Lake Barkley State Park |
| Ky. 1 | Aug. 21-24 | Falls of Rough | Rough River State Park |
| IAAO 500 | Aug. 21-25 | Frankfort | Best Western |
| Ky. 9 | Aug. 28-31 | Gilbertsville | Ky. Dam Village |
| Ky. 2 | Aug. 28-31 | Pineville | Pine Mountain |

Property Tax News is a quarterly publication of the Revenue Cabinet's Department of Property Valuation dedicated to increasing communication among professionals involved in the field of assessment administration in Kentucky.

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