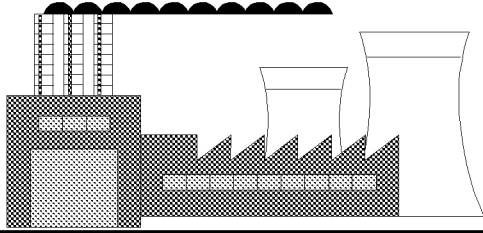


# PROPERTY TAX NEWS



Vol. 10 No.1

January - March, 2000

## 18 PROPERTY TAX BILLS PASSED BY 2000 GENERAL ASSEMBLY

While the most significant aspects of the 2000 General Assembly may be remembered in terms of bills that did not pass, eighteen bills with varying impacts on property tax administration did pass. These acts will result in changes in administration of the disability exemption, delinquent property taxes, tangible personal property, unmined minerals and public service property. New types of economic development incentives were promoted, including tax increment financing, purchase of development rights and property tax credits. Under a bill filed by House Speaker Jody Richards, most Property Valuation Administrators (PVAs) should receive a pay increase and their deputies would be eligible for payment of accrued leave upon retirement or separation of service. Funds for these initiatives were included in the Revenue Cabinet's budget request and approved by Governor Patton.

The 2000 General Assembly was the first to have the ability to exempt personal property under the amendment to the Constitution of Kentucky that was approved by the voters in the fall of 1998. Conscious of revenue impacts, the General Assembly only approved two bills which would take advantage of this authority. One bill will exempt most of the property tax on goods in transit, and the other bill will validate the *St. Ledger v. Revenue Cabinet* decision of the Kentucky Supreme Court by exempting shares of stock. Thirteen of the bills that did not pass attempted to repeal all or portions of the property tax on motor vehicles or boats. Subsequent to the last date to file a bill, at least ten amendments

were filed which would have repealed all or part of the property tax on motor vehicles or boats. None of these amendments passed. Personal property exemptions were also attempted, and failed, for tour buses, manufactured homes as inventory, tangible property of utilities, and all intangible personal property remaining taxable in the wake of *St. Ledger*.

The 2000 General Assembly also rejected the elimination of the PVA Exam, installment payments for current year property taxes, county consolidation and inter-county territorial transfers, local sales taxes, several expansions of the homestead exemption, and an extension of the authorization for enterprise zones.

The Senate considered a resolution (SCR 147) to create a task force to study administrative, legislative, and constitutional remedies that address issues of alternative property tax payment methods that ease the financial burden of making one time annual payments and other reforms that address the issue of ability to pay.

A brief description of the major property tax impacts of each of the eighteen bills follows. For a more detailed description of these impacts, PVAs should plan on attending (or sending a delegate to) one of the five upcoming Regional Meetings scheduled for April and May (see page 2 for dates). A complete history and the text of each bill filed is also available on the Kentucky Legislature Home Page, maintained by the Legislative Research Commission:

<http://www.lrc.state.ky.us/home.htm>

**HB 158** amends KRS 132.810 to extend the homestead exemption for totally disabled persons to include qualified individuals who die before the end of the taxable year.

**HB 277**, an act relating to watershed conservancy districts, eliminates the language in KRS 262.760 which had limited property tax rates levied by these taxing jurisdictions to "five (5) mills per dollar of the fair cash value", and allows them to levy an unlimited "millage rate or per acre rate".

**HB 348** allows owners of manufactured homes which are permanently affixed to real estate to file an Affidavit of Conversion to Real Estate with the County Clerk, who is required to file this document in the miscellaneous record

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## 2000 GENERAL ASSEMBLY

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book, and furnish the PVA with a copy for assessment purposes.

**HB 538** amends KRS 132.385 and 132.590 to change the calculation of compensation for PVAs to match the method used for other county officials. PVAs' salaries will be determined according to a statutory schedule based on annual Census estimates, adjusted annually by the consumer price index (CPI).

**HB 556** amends KRS 134.500 to allow county attorneys to enter into agreements with taxpayers to accept installment payments on delinquent real estate taxes.

**HB 668** amends KRS 160.470 to require the Department of Education to certify tax rates of school districts upon the receipt of certifications from the Revenue Cabinet.

**HB 719** amends KRS 134.500 (4) to require a waiver of the county attorney's 20% fee if the taxpayer pays the certificate of delinquency within 5 days of the sheriff's sale.

**HB 742** amends KRS 97.590 to exempt a property tax levy associated with a purchase of development rights/parks maintenance program from the recall (HB 44) provisions of KRS 132.017.

**HB 749** creates new sections of KRS Chapter 132 to exempt goods in transit from the state property tax, and phases out the property tax levied on goods in transit by cities, counties, and school districts over a three year period. However, fire districts and special taxing districts may continue to assess goods in transit.

**HB 805** creates a new section of KRS Chapter 131 to provide a credit against property (and other) taxes for electric power companies of \$2 per ton of Kentucky coal purchased by the company.

**HB 807** amends various sections of KRS Chapter 134 to provide that county clerks may provide a certified electronic

certificate a delinquency in lieu of delivering a certified copy of the certificate of delinquency, and also clarifies some of the language of HB 568 (1998).

**HB 824** amends KRS 132.370 to allow PVA deputies to receive lump-sum payments for accrued annual leave and compensatory time when separated from employment (pending regulation).

**HB 852** allows cities and counties to create development areas for the purpose of stimulating economic development through tax increment financing.

**HB 957** requires that, for purposes of floodplain management, all property shall be assessed by the PVA at one hundred percent (100%) of its fair market value.

**SB 101** amends KRS 68.260 to require the passage of county budgets by July 1, subject to revision based on information contained in the Revenue Cabinet's certification.

**SB 323** amends KRS 132.820 and 136.120 to allow a quadrennial review program to be utilized in the unmined minerals and public service property tax areas.

**SB 336** amends various sections of KRS Chapter 132 and 136 to exempt shares of stock from the intangible personal property tax in order to align the statutes with the Kentucky Supreme Court decision in *St. Ledger v. Revenue Cabinet*.

**SB 372** creates a pilot program for tax increment financing to be established in Jefferson County, with state and local revenues to be identified and distributed by the sheriff to local development agencies.

At press time, all of the above bills had been signed by Governor Patton except HB 538 and SB 323.

## REGIONAL MEETING REMINDER

The Department has scheduled regional meetings to discuss legislation enacted by the 2000 session of the General Assembly as well as any other pertinent issues. All Property Valuation Administrators should attend (or send a deputy) to one of the five meetings listed below:

April 25 General Butler State Park  
April 27 Pritchard Community Center  
April 28 Dale Hollow State Park  
May 2 Natural Bridge State Park  
May 4 Kenlake State Park

The meetings will begin at 10:00 a.m. local time.



## RAILROAD REVITALIZATION AND REGULATORY REFORM RATE SET

The Railroad Revitalization and Regulatory Reform (4-R) rate for intrastate railroad, railroad car line, airline and apportioned vehicle property has been set for 1999 at 22.10 cents per \$100 of valuation.

The local multiplier for intrastate railroads and airlines is 52 percent for 1999.

The aggregate state and local rate for railroad carlines and apportioned vehicles is 65.74 cents per \$100 of assessed value. Taxes on railroad carlines and apportioned vehicles are paid to the Revenue Cabinet and local money is then distributed to the taxing jurisdictions.

Questions concerning the 4-R rate should be directed to the Public Service Branch at (502) 564-8175.



**NEW APPOINTMENTS  
WITHIN THE  
DEPARTMENT OF  
PROPERTY VALUATION**

Tom Crawford has been appointed Director of the Division of Local Valuation. Crawford has been Assistant Director for eight years and has served as acting director since Debra Eucker returned to the Division of Legal Services in December.

Aaron Horner has joined the staff as Principal Assistant to Commissioner Vince Lang. Horner is a graduate of the University of Kentucky with a Bachelor's Degree in Public Service. Prior to joining the staff of Property Valuation, Horner was involved in the campaigns of Governor Patton and Chris Gorman.

Vicki Girten has joined the Western Field Branch as Property Assessment Coordinator. Girten is a former deputy in the Daviess County PVA Office.

Ron Johnson has joined the Division of Technical Support as Branch Manager of the Cadastral Mapping Branch. Johnson is a former Hopkins County deputy. He holds his Certified Kentucky Assessor (CKA), and Senior Kentucky Assessor (SKA) designations, as well as the Cadastral Mapping Specialist (CMS) designation from IAAO.

**IN MEMORY OF RALPH  
PETTIT**

Ralph Pettit, former Grant County Property Valuation Administrator, died Thursday, January 6, 2000. He was 75 years old.

Pettit first took office in December of 1957 and retired in December 1993.

Pettit is survived by 7 children, including current Grant County PVA Phyllis Beach, 15 grandchildren and 13 great-grandchildren. Our sympathies are with Phyllis and the rest of the Pettit family.

**NEW BOONE COUNTY PVA  
APPOINTED**

Governor Paul Patton appointed Paula Goff Property Valuation Administrator in Boone County. Goff was one of 19 persons who took the special examination held November 20 in Boone County. Goff holds a master's degree in public administration from Northern Kentucky University. The appointment will expire when the results of the general election are finalized in November.

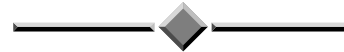


**NEW PVA APPOINTED IN  
PENDLETON COUNTY**

Governor Paul Patton has appointed John Steele Property Valuation Administrator in Pendleton County. Steele, a Pendleton County native, fills the vacancy created by the retirement of Jim Kimble. The appointment will expire after the results of the general election are certified in November.



*John Steele*  
*Picture courtesy of Falmouth Outlook*



**BOURBON COUNTY PVA  
RETIRES**

Raymond VanHook, Bourbon County Property Valuation Administrator since 1973, retired February 29, 2000. In addition to his years as PVA, VanHook's long career in public service also included working for the Department of Agriculture and five years for the Department of Revenue.

Six persons participated in a special qualifying examination administered by the Department on March 25. Governor Paul Patton will appoint someone from the successful candidates to fill the position until the general election in November.



**IMPLEMENTATION OF  
HOUSE BILL 749**

House Bill 749, passed by the 2000 General Assembly, amends KRS Chapter 132 to exempt, for state purposes, personal property placed in a warehouse or distribution center for the purpose of subsequent shipment to an out-of-state destination. Prior to this change, this property was subject to a state rate of 1/10 of 1 cent per \$100 of assessment.

HB 749 also phased out the tax rate levied by cities, counties, charter counties, urban -counties and school districts over a two-year period beginning with the January 1, 2000 assessment date. These jurisdictions are instructed to tax these properties at 80 percent of the tax rate levied on other tangible personal property for the January 1, 2000 assessment date, at 50 percent for the January 1, 2001 assessment date, and to exempt them entirely for assessments on or after January 1, 2002. Fire districts or other special taxing districts still have the option to exempt or tax these properties as in the past.

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**REMINDER: NEW AREA CODE BEGINS APRIL 1**

Beginning April 1, telephone users will have to remember a new area code to dial Northern Kentucky and surrounding counties.

The Public Service Commission assigned counties in Northern and Central Kentucky an 859 area code because 606 was running out of numbers.

Callers will have from April 1 to September 30 to get used to the idea. During that period, either area code will ring through, however, after September 30, the 859 area code must be used.

The counties affected by the change include:

|          |            |
|----------|------------|
| Boone    | Harrison   |
| Bourbon  | Jessamine  |
| Boyle    | Kenton     |
| Campbell | Madison    |
| Clark    | Mercer     |
| Fayette  | Montgomery |
| Gallatin | Nicholas   |
| Garrard  | Pendleton  |
| Grant    | Washington |
|          | Woodford   |



**GIS CONFERENCE TO BE HELD IN BOWLING GREEN**

The seventh GIS Conference is scheduled for June 5 - 8 at the University Plaza Hotel and Conference Center in Bowling Green. The theme of this year's conference is "Mapping the Land of Tomorrow - Today."

As more PVAs have begun the task of converting their mapping systems to GIS, this conference has increasing relevance to the field of property tax assessment administration. Further information on the conference is available on the OGIS website at <http://ogis.state.ky.us>.



**EDUCATION UPDATE**

**New Courses Being Developed for 2001**

The Education Committee discussed the development of a new course for 2001 focusing on mass appraisal (which will become Kentucky Course 10) and a GIS workshop. A new course on PVA office accounting practices and accounting software is also in development for 2001. If all goes well, it could be introduced as a workshop at the fall conference this year. The committee also hopes to offer IAAO 207, Industrial Property Appraisal, in 2001. With the growing problem of industrial properties being appealed by tax representatives, the committee felt that this course was needed. A survey was recently sent to all PVAs to determine course needs for next year. Please complete the survey and return it as soon as possible if you have not already done so.

**Course Connections**

In an effort to offer quality courses, the Education Committee has formed a group called Course Connections. Members of Course Connections will call three to five students attending a course approximately 1 - 2 weeks after the class. They will ask a few questions related to the course, the exam, and instructors. All comments are kept confidential and no names will be used.

**Schedule Changes**

An additional section of IAAO 101 has been scheduled for July 17 - 21 at the Best Western in Frankfort. If you wish to attend this class, please register as soon as possible.

Kentucky Course 8, originally scheduled for June 26 - 29 at the Hampton Inn in Frankfort, has been moved to the week of June 19 - 22. The location remains the same.

IAAO Course 310, Application of Mass Appraisal Fundamentals, has been cancelled due to low enrollment.

The following classes are closed:

|          |              |
|----------|--------------|
| IAAO 400 | May 22 - 26  |
| Ky. 1    | June 12 - 15 |
| Ky. 9    | June 19 - 22 |

**Digital Camera Workshops**

Two digital camera workshops are being offered in May. One-day workshops will be held May 17 at Kentucky Dam Village and May 24 at 200 Fair Oaks Lane to show PVAs and deputies how to take advantage of digital cameras and all the features they have to offer. There is no registration fee, but students should complete a registration form and send it in so that we know how many students to expect. Representatives of PVA offices who have digital cameras should bring them if possible.

**Regional Meetings Rescheduled**

Two regional meetings have been rescheduled: The meeting at Pritchard Community Center in Elizabethtown has been moved from April 18 to April 27. The meeting at Kenlake State Park, originally scheduled for April 19 has been rescheduled for May 4.

**IAAO NOTES**

The Kentucky Chapter of IAAO held its annual officer and committee meeting at Barren River State Park in February. The meeting began with the swearing-in of Mark Straney as Vice-President.

The guest speaker was David Wheelock, Executive Director of IAAO, who spoke to participants about the many changes taking place in Chicago. He mentioned specifically the development of a new text, Mass Appraisal of Real Property, a new Standard on Ratio Studies and the development of one-day forums on several topics.

The group also heard from Regina Parker of the State of Tennessee's Division of Property Assessments, a candidate for IAAO Vice-President in the upcoming election. During the Executive Committee meeting held later in the day, the committee voted unanimously to endorse Ms. Parker.

Before the group broke up into committees, President Shannon Tivitt listed goals she hoped each committee and the Chapter could accomplish in 2000.

The Chapter has selected Cardinal Hill Rehabilitation Hospital as its service project for the year. On October 23 (during fall conference) members will visit Cardinal Hill and help patients paint pumpkins, which will be grown this summer in the Logan County pumpkin patch of Ben Brown, PVA. Projects conducted in the previous two years have benefited Kosair's Children's Hospital and the chapter's scholarship fund.

Anyone interested in joining the Kentucky Chapter of IAAO should pay their dues as soon as possible. Dues for the year are \$20.00 and checks should be made payable to the Kentucky Chapter of IAAO and sent to Debbie Boyd, P. O. Box 1547, Frankfort, Ky. 40602-1457.



**LEAP DAY PHILOSOPHY**

by Vince Lang

On February 29, I scheduled a visit to meet with newly appointed Pendleton County PVA John Steele. Because of the legislative session, I had already cancelled two prior meetings with John. While in route to meet with a PVA who had been on the job for only a few weeks, I decided to detour to Paris and spend some time with Bourbon County PVA Raymond VanHook, who was serving his last day as PVA. Raymond served in the Kentucky Department of Revenue for 5 years, as deputy PVA for an additional 6 years and was ending over 26 years service as PVA.

Raymond's conversation with me revealed a contentedness with his decision to retire. He expressed in a very humble manner the satisfaction of having done his job the right way. While Raymond displayed a quiet confidence about his performance, the citizens of Bourbon County had spoken louder. For seven terms, no one had ever filed to run against him.

Before I left that morning, Raymond took me on a tour. He introduced me to officials and showed me the courthouse. I believe the most outstanding feature of the courthouse is the artwork inside the domed architecture. In the cupola, there are four beautiful paintings depicting the seasons. As I left the building, I thought the painting of the successful harvest symbolized Raymond's fine career.

As I headed for Falmouth, I wondered if the painting that represented the spring planting could also symbolize the start of John Steele's public service. When Charles Schwab decreed that a person can succeed at almost anything in which they have unlimited enthusiasm, he must have had a person such as John Steele in mind. John is youthful, bright, energetic and full of good ideas. I was impressed with how much John had already learned about the details of his job. John showed great knowledge of property values as we drove throughout the county and demonstrated an excellent rapport with the citizens we

encountered. He is enthusiastic. He will succeed!

Throughout the state I know most PVAs and many deputies who are at various stages in their careers. I was fortunate to witness both ends of the spectrum on February 29. I wish Raymond well in his retirement and John the best as he begins his career in public service.



**HOUSE BILL 749**

(Continued from Page 3)

This bill also removes the requirement that inventories be brought in from out of state to qualify for the exemption. Consequently, inventories produced in Kentucky for shipment out of state within six months can now be listed on line 36 of the Tangible Personal Property Tax Return


This information is being provided to aid local jurisdictions in the setting of 2000 tax rates. Questions concerning HB 749 should be directed to the Division of State Valuation at (502) 564-2557.



*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.

Comments and suggestions for future articles should be addressed to Cindy Meholovitch, Editor, 200 Fair Oaks Lane, Frankfort, KY 40620, (502) 564-8340.

Printing costs paid from state funds.




# DIRECTORY

## Department of Property Valuation

### Administration:

|                                   |          |
|-----------------------------------|----------|
| Commissioner:                     |          |
| Vince Lang                        | 564-8338 |
| Aaron Horner, Principal Assistant | 564-8338 |
| Division of Technical Support:    |          |
| Jan Bailey, Director              | 564-8334 |
| Division of State Valuation:      |          |
| Brenda Major, Director            | 564-5807 |
| Division of Local Valuation:      |          |
| Tom Crawford, Director            | 564-8338 |

### Responsibilities:

|  |          |
|--|----------|
| Aerial Photography - Jan Bailey                            | 564-8334 |
| Centrally Assessed Property/Public Utilities - Marsha Axon | 564-8175 |
| Computer Assisted Mass Appraisal - Susan Bailey            | 564-8340 |
| Conference on Assessment Administration - Stacey Ewalt     | 564-8340 |
| Delinquent Real Property - Barbara Henry                   | 564-4192 |
| Education and Certification Program - Stacey Ewalt         | 564-8340 |
| Exempt Property - Tom Crawford                             | 564-8338 |
| Forms - Dan Wiglesworth                                    | 564-8338 |
| Freddie Freeroader - Jessie Alexander                      | 564-8180 |
| Homestead/Disability - Tom Crawford                        | 564-8338 |
| Intangible Personal Property - Edna Driskell               | 564-8160 |
| Map Sales/Cartography - Ron Johnson                        | 564-8334 |
| Mapping - Ron Johnson                                      | 564-8334 |
| MOTAX - Paul Heightchew                                    | 564-8180 |
| Oil and Gas - Dave Gabbard                                 | 564-8334 |
| PVA Examinations - Stacey Ewalt                            | 564-8340 |
| PVA Personnel - JoJuana Leavell-Greene                     | 564-5620 |
| Ratio Studies/Statistics - Susan Bailey                    | 564-8338 |
| SACS System - Phil Yancey                                  | 564-8338 |
| Sheriff Settlements - Dan Wiglesworth                      | 564-8338 |
| Tangible Personal Property - Bert Becker                   | 564-2557 |
| Tax Roll Certification - Tom Crawford                      | 564-8338 |
| TRIM System - Greg Bell                                    | 564-8338 |
| Unmined Coal - José Bollar                                 | 564-8334 |