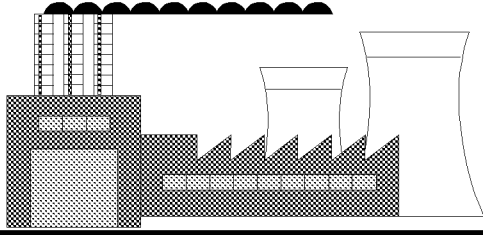


PROPERTY TAX NEWS



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RESULTS OF THE 2001 ANNUAL SESSION

The 30 day Annual Session of the 2001 General Assembly was a learning experience for all involved. Of the 579 bills filed, just 124 were passed by both houses. This compares to 1,441 bills filed and 486 bills passed in the 60 day 2000 Annual Session. The compressed schedule in 2001 not only limited the number of bills introduced, but only allowed time for 21% of all bills to pass, versus 34% in 2000 and 40% in 1998. No bills were vetoed by the governor this year, as opposed to 12 vetoes last year (three of which were overridden by the legislature).

Bills of potential interest to property tax personnel were also fewer in 2001. Of the 25 property tax-related bills and resolutions tracked by the Revenue Cabinet, only three were passed by both chambers. All three originated in the House of Representatives, and made it through both chambers without a dissenting vote.

House Bill 238 allows the creation of tax increment finance (TIF) zones, based on contracts executed between a development agency and the city, county and/or state. During the 2000 Annual Session, two other TIF-related bills passed (HB 852 and SB 372). The 2001 version represents a blend of the features of both of the previous bills, in that it allows state participation and is applicable to the entire state. Under HB 238 and both of the TIF bills passed last year, school districts may not participate.

Tax increment financing is an economic development incentive which has been utilized in other areas of the country to finance major public works and urban

renewal projects. According to the International Association of Assessing Officers (IAAO), property tax-based TIF incentives are allowed in 26 other states. When a TIF zone is delineated, a base year is established, and any revenue generated for participating taxing jurisdictions which is over the base year revenue is dedicated to the TIF zone, generally for retiring a bond issue. While a TIF zone has yet to be established in Kentucky, one was almost utilized last month for the purpose of helping build a professional basketball arena in Louisville.

HB 238 passed through the House 96-0, then was amended and was passed by the Senate 34-0. The Senate amendment provided an oversight requirement, where the Office of State Budget Director, Finance and Administration Cabinet, and the Revenue Cabinet are required to determine the amount of incremental state revenues from any grant contract, with approval prohibited in the absence of a net positive economic impact. The House then approved the amended version 94-0. HB 238 was signed into law by Governor Patton on March 30, 2001.

House Bill 284 creates yet another classification of tangible personal property. This bill exempts nonferrous metals futures commodities held on warrant in a commodity warehouse from local taxation. In order to qualify, these metals have to conform to the quality, shape, and weight specifications set by the New York Mercantile Exchange's special contract rules for metals, and must be located or stored in a commodity warehouse as defined by statute. HB 284 is essentially aimed at aluminum ingots stored in western Kentucky. Now listed in the "state rate

only" statute, KRS 132.200, these commodities would be subject to a 5¢ per \$100 state rate only, as inventory. HB 284 was passed by the House 93-0, and passed by the Senate 38-0. On March 15, 2001, it was signed by Governor Patton.

House Joint Resolution 30 created a task force for the purpose of studying tax reform. This task force went through some changes as the resolution passed from the House to the Senate. The original house version required the task force to contain six members of the Executive Branch in addition to six members each from the House and Senate. The Senate Committee Substitute created a "Tax Policy Issues Subcommittee" of the Appropriations and Revenue Committee to study tax policy issues. Eight members each from the Senate and House Committees on Appropriations and Revenue, including the respective chairs (who will serve as co-chairs of the subcommittee), will serve on this subcommittee. Executive Branch participation was limited to a request for the Governor to make recommendations and designate executive branch employees, with expertise in the various areas to be studied by the subcommittee, to present data, research, and testimony to the subcommittee.

The Tax Policy Issues Subcommittee is required to hold its first meeting no later than May 1, 2001, and report its findings to the Interim Joint Committee on Appropriations and Revenue prior to the start of the 2002 Regular Session. The subcommittee shall cease to exist April 15, 2002.

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2001 LEGISLATIVE SESSION
(Continued from Page 1)

The original version of HJR 30 passed through the House 99-0; then Senate Committee Substitute for HJR 30 was adopted by the Senate 38-0 and approved by the House 97-0. It was signed by Governor Patton on March 30, 2001.

Veteran property tax observers can probably guess many of the issues which will confront the Tax Policy Issues Subcommittee. Without a doubt, motor vehicle taxation, which was the subject of five bills in the 2001 Annual Session and ten bills in the 2000 Annual Session, will receive much attention. Bills have also been filed in the past two sessions to exempt intangible personal property. The status of telecommunications property and the real property tax rate will no doubt be considered. Despite its brief lifetime, the Tax Policy Issues Subcommittee could have a major impact on property tax assessment administration for years to come.

**IMPORTANT
CONFERENCE
UPDATE**

The dates for the fall conference have been changed !!!

Due to scheduling conflicts with another conference, the dates of the fall conference have been changed to **November 26 - 30**. Reservations at the Drawbridge Inn for the week of the 5th have been switched to the week of the 26th. If you did not already have reservations, you should call and make them as soon as possible. We realize that this will be a busy time; however, this was the best option in order to ensure that we had enough lodging rooms.

**DEPARTMENT
SCHEDULES PVA EXAM**

The Department of Property Valuation will administer the qualifying examination for candidates seeking the office of Property Valuation Administrator on Friday, November 16, 2001. In accordance with Kentucky Revised Statute (KRS) 132.380, the exam will be offered in each of Kentucky's seven Supreme Court districts.

The locations are as follows:

1st District
Ky. Dam Village State Park
Highway 641 South
Gilbertsville, KY

2nd District
Rivermont Executive Inn
One Executive Blvd.
Owensboro, KY.

3rd District
Rural Development Center
2292 S. Highway 27
Somerset, KY

4th District
Holiday Inn - Hurstbourne
1325 S. Hurstbourne Parkway
Louisville, KY

5th District
Kentucky Revenue Cabinet
200 Fair Oaks Lane
Frankfort, KY

6th District
Drawbridge Inn
2477 Royal Drive
Ft. Mitchell, KY

7th District
Holiday Inn - Prestonsburg
575 U.S. 23 South
Prestonsburg, KY

A second examination will be held on December 7th for those counties from which no potential candidates took or passed the first examination. The location for the second examination will be the same.

For more specific information regarding times and locations of examinations, contact the Department of Property Valuation at (502) 564-8350.

**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 2000 at 23.21 cents per \$100 of valuation.

The local multiplier for intrastate railroads and airlines is 53 percent for 2000.

The aggregate state and local rate for railroad carlines and apportioned vehicles is 67.58 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.

**FEESE APPOINTED
BRANCH MANAGER**

Jeff Feese has been appointed Manager of the Western Field Branch. Feese has worked as a Property Assessment Coordinator in the Western Field Branch since 1997. Prior to joining the Department, Feese worked as a deputy PVA in Adair and Green counties. He holds his Certified Kentucky Assessor and Senior Kentucky Assessor designations.

**REVENUE CABINET, PVAs,
AND CORRECTIONAL
INDUSTRIES TEAM UP**

The Department of Property Valuation, together with Property Valuation Administrators in several counties, are working together with Kentucky Correctional Industries to prepare computer generated maps to be used by PVAs in the identification of property.

Inmates at the Luther Lockett Correctional Complex in LaGrange, are using ArcView software to digitize and register county property maps from scanned images of aerial photographs. Approximately 168,000 parcels of both urban and rural property will be digitized and registered. Correctional Industries receives \$0.40 per rural parcel and \$0.25 per urban parcel.

“KRC is very pleased to be able to work with KCI to get this important computer mapping done,” said Revenue Cabinet Secretary Mike Haydon. “Neither Revenue nor the local PVA offices have the personnel or financial resources necessary to perform this vital function on their own. If the work were contracted to the private sector, the cost would easily be \$1.50 to \$2.00 per parcel.” said Haydon.

Patti Hall, a Geoprocessing Specialist with the Division of Technical Support, is overseeing the project. She began training inmate workers in January and continues to visit the facility several times a month to provide technical assistance. Work is progressing steadily and one county is complete.

Inmates working on the project do not have access to social security numbers or any other confidential taxpayer information. All documents and information used in the project are public records. In addition, information such as road names or county names are deleted from the scanned maps by the Department before they are sent to Correctional Industries.

Among the counties initially participating in the program are Anderson,

Breckinridge, Butler, Grant, Pulaski, Simpson, Trimble and Whitley. Once the maps are completed, PVAs will be able to view and print maps and make all the changes in the computer.



EDUCATION UPDATE

Several changes have been made to the education schedule since it was distributed in January. Two IAAO courses and one IAAO Workshop have been added. IAAO 400, Assessment Administration, will be taught June 18-22 at the University Plaza in Bowling Green. The instructor is Jewett Farley from Lincoln Parish in Louisiana. IAAO 600, Principals and Techniques of Cadastral Mapping, is scheduled for October 1 - 5 at the Best Western in Frankfort. The instructors are Ron Johnson and Denny Miller. IAAO 151, Standards of Practice and Professional Ethics Workshop, will be held August 27-29 at Barren River State Park in Glasgow. The instructor is Tom Fleming from Tennessee.

Kentucky Course 10, Mass Appraisal of Real Property, has been cancelled. We apologize for this inconvenience but course development is taking longer than originally anticipated.

The following classes are closed:

- Ky 2 April 17-19
- Precision Data April 24-26
- Ky 4 June 26-28
- Ky 3 Workshop Sept. 18



**IN MEMORY OF THOMAS
"BUSTER" HARRIS**

Thomas "Buster" Harris, former PVA in Whitley County, died March 29, 2001. He was 75.

Harris served thirteen years as PVA in Whitley County.



**NEWS FROM THE PVA
ADMINISTRATIVE
SUPPORT BRANCH**

Submitted by: Cyndi Abrams

Hello out there in PVA Land! We hope everyone has survived the old wintertime blues and is ready for spring.

House Bill 824, which amended KRS 132.370 to pay Property Valuation Administrator's (PVAs) and deputies for Annual and Compensatory Time became effective February 27. When a PVA that had formerly accumulated time as a deputy, or a deputy, leaves office, they are now paid for all unused annual and compensatory time. **All separation pay will be processed on the next pay period after the last date of employment.** A BIG thank you is in order to PVAs and Department staff who played a part in getting this bill passed. A special thank you goes to Nick Kearney, property tax analyst for the Division of Tax Policy, for all his dedicated efforts.

****** Reminder ******

By law, payroll checks should not be distributed to employees and never cashed or deposited before the official payday. It has come to our attention that checks are being distributed before **official paydays, (15th and 30th of each month).** **Individual counties will be contacted if this continues.**

In closing we would like to remind you that we are always here to process and/or solve your personnel and payroll needs and we can be reached at (502) 564-5620.



ASSESSMENT TECHNOLOGY COMMITTEE EVALUATES TRIM RFI RESPONSES

The Assessment Technology Committee met in Elizabethtown on March 12, 2001, in order to evaluate options for replacing the TRIM (Tax Roll Information Management) System. TRIM has been the standard for assessment administration software in most PVA offices since the mid-1980s. A Request for Information (RFI) was offered to the vendor community on December 11, 2000, with a deadline for response on January 31, 2001. Altogether, twelve RFI responses from a variety of vendors were received.

In order to assist in the evaluation process, Greg Bell, Manager of the TRIM Branch, presented six basic approaches to the Committee. Each of the six approaches is presented below:

1. Centralized System

Under this approach, the computer that stores both the data and the program would reside in Frankfort. Workstations located in each PVA office will be able to access this data via the Internet on personal computers within their office.

2. Decentralized System

This approach resembles the current system, with individual PVA Offices running TRIM. Each office would have its own server, and copies of software for each user (workstation) on their local area network (LAN).

3. Combination of Centralized/Decentralized Systems

This approach would combine aspects of both the centralized and decentralized approaches. Data would be stored on servers at the local level and applications would be stored on a server centrally.

4. Company Based System

This option is one that has not been seriously explored but was presented in a response to the RFI. In this scenario, an

outside company would maintain and manage the PVA tax roll data and the software necessary to access it. It is similar to the centralized approach, but a private sector concern would administer the system instead of the Revenue Cabinet. Since it would be web based, the individual counties would only need a computer with web access to access their information.

5. Upgrade the Current Version of TRIM

This is an option which has to be explored, although it is at best a temporary solution. The current system has worked well for years without the loss of a tax roll, and has brought many counties from hand-written tax rolls into the computer age.

6. Do nothing

This isn't much of an option, but it is conceivable. If nothing is done, eventually, counties that can, will move to various alternative systems. Property tax roll data would no longer have any type of standardization throughout the state.

Now What?

Before individual responses to the RFI can be evaluated, a decision must be made on the general approach to replacing TRIM. One of the options presented above must be selected. Teri Bennett, Hardin County PVA and President of the Kentucky PVA Association, is seeking input from interested PVAs regarding the approach to take. One suggestion submitted subsequent to the RFI by a PVA office offered their in-house system as an alternative to TRIM. It operates on the same premise as TRIM, but may offer some advantages. The Department and the PVA Association are exploring this alternative.

CORRECTION

The members of the PVA Association Legislative and Executive Committees were listed incorrectly in the last issue of Property Tax News. The correct lists are as follows:

Legislative Committee

- Ben Brown, Logan County
- Mark Straney, Meade County
- T.W. Todd, Pulaski County
- Denise Harper Angel, Jefferson County
- Neila Monroe, Mercer County
- Brad McDowell, Shelby County
- Joe Dunn, Wolfe County

Executive Committee:

- Roger Pitchford, Allen County
- Denny Long, Hancock County
- Barbara Tichenor, Nelson County
- Denise Harper Angel, Jefferson County
- Patsy Conway, Franklin County
- Betty Ripato, Lewis County
- Ervine Allen, Breathitt County



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.



Education and Professional Designation Program 2001 Revised Course Schedule

<i>Course</i>	<i>Date</i>	<i>Facility</i>	<i>Location</i>
Ky. 2 Basic Personal Property Precision Data Collection	Apr. 17-19 Apr. 24-26	Hampton Inn Cumberland Falls State Park	Frankfort Corbin
Ky. 5 Residential Real Property Appraisal	June 5 - 7	Barren River State Park	Lucas
Ky. 1 Kentucky Property Tax System	June 12-14	Jenny Wiley State Park	Prestonsburg
Ky. 9 PVA Office Management	June 12-14	Blue Licks State Park	Mt. Olivet
IAAO 400 Assessment Administration	June 18-22	University Plaza	Bowling Green
Ky. 7A Commercial Appraisal/Cost Approach	June 19-21	Dale Hollow State Park	Burkesville
Ky. 6 Farm Real Property Appraisal	June 19-21	Hampton Inn	Frankfort
Ky. 4 Mapping System Maintenance	June 26-28	Best Western	Frankfort
Ky. 7 Commercial Appraisal/Income Approach	July 10-12	Hampton Inn	Frankfort
IAAO 101 Fundamentals of Real Property	July 9-13	Best Western	Frankfort
PVA Summer Conference	July 16-19	Executive Inn	Owensboro
Ky. 8 Property Tax Assessment Administration	July 31-Aug.2	Hampton Inn	Frankfort
Ky. 9 PVA Office Management	Aug. 14-16	Dale Hollow State Park	Burkesville
Ky. 4 Mapping System Maintenance	Aug. 14-16	Jenny Wiley State Park	Prestonsburg
Ky. 5 Residential Real Property Appraisal	Aug. 21-23	Hampton Inn	Frankfort
Ky. 7A Commercial Appraisal/Cost Approach	Aug. 21-23	Best Western	Frankfort
IAAO 151 Standards of Practice and Ethics	Aug. 27-29	Barren River State Park	Lucas
Ky. 6 Farm Real Property Appraisal	Aug. 28-30	Lake Barkley State Park	Cadiz
IAAO 102 Income Approach to Value	Aug. 27-31	Best Western	Frankfort
IAAO Conference	Sept. 9-12	Miami Beach	Florida
Ky. 3 Better PVA Office Practices	Sept. 18	200 Fair Oaks	Frankfort
Ky. 3 Better PVA Office Practices	Sept. 19	200 Fair Oaks	Frankfort
Ky. 3 Better PVA Office Practices	Sept. 20	200 Fair Oaks	Frankfort
Ky. 2 Basic Personal Property	Sept. 25-27	Natural Bridge State Park	Slade
Ky. 1 Kentucky Property Tax System	Sept. 25-27	Holiday Inn Hurstbourne	Louisville
IAAO 600 Cadastral Mapping	Oct. 1-5	Best Western	Frankfort
Practical Math for Assessment Officials	Oct. 2 - 4	Rough River State Park	Falls of Rough
Fall Conference	Nov. 26-30	Drawbridge Estate	Ft. Mitchell