PROPERTY VALUATION ADMINISTRATOR'S OFFICE TASK FORCE

Minutes of the 4th Meeting
of the 2020 Interim

October 20, 2020

Call to Order and Roll Call

The 4th meeting of the Property Valuation Administrator's Office Task Force was held on Tuesday, October 20, 2020, at 3:00 PM, in Room 171 of the Capitol Annex. Representative Randy Bridges, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robby Mills, Co-Chair; Representative Randy Bridges, Co-Chair; Senators Denise Harper Angel and Michael J. Nemes; Representatives Samara Heavrin and Nima Kulkarni; and Tom Crawford.

Guests: Tom Crawford, Department of Revenue; Mike Tackett, Department of Revenue; Kent Anness, GIS Branch Manager, Commonwealth Office of Technology; Lieutenant Colonel Patrick Morgan, Kenton County Sheriff's Office; Renesa Abner, County Clerk, Henderson County; and Cynthia Brown, Legislative Committee Analyst, Appropriations and Revenue Staff, Legislative Research Commission.

LRC Staff: Cynthia Brown, Cameron Childress, Jennifer Hays, and Chase O'Dell

Approval of Minutes

A motion was made by Senator Mills, seconded by Senator Nemes, to approve the minutes of the September 15, 2020 meeting. The motion passed by voice vote.

Technology and Software

Tom Crawford, Department of Revenue; Mike Tackett, Department of Revenue; Kent Anness, GIS Branch Manager, Commonwealth Office of Technology; Lieutenant Colonel Patrick Morgan, Kenton County Sheriff's Office; and Renesa Abner, County Clerk, Henderson County, discussed technology and software.

Tom Crawford testified that all county property tax rolls for 2020 have been certified. Tax bills are out in many counties. Real property assessments for the 2020 tax year totaled $280.2 billion, which is up from $269.4 billion in 2019. Assessments on new property for 2020 totaled $4.2 billion, which is an increase from $3.6 billion in 2019. State property tax collections totaled $552 million in fiscal year 2019-2020. Local property tax collections totaled $2.8 billion in 2018.

Valuation software is typically referred to as Computer Assisted Mass Appraisal (CAMA). CAMA can be very useful when a PVA must value a large area of properties that are similar in nature, such as a large subdivision. Nine counties use CAMA. Most of the counties not using CAMA are rural.

PVA offices are responsible for purchasing vehicles, computers, and tablets for field work. All equipment needs are paid for with local funds received by the office.

The Finance Cabinet's enterprise license agreement for ArcGIS software currently includes 116 county PVA offices. An estimated annual savings of $200,000 are realized through this agreement.

There are two types of aerial photography available to PVA offices. Ortho photography shoots straight down. Oblique photography is shot at an angle so that the side of buildings can be seen, which allows a PVA office to see more detail about improvements made on a parcel. Oblique photography also helps PVA offices locate new structures that are built within harder to access parts of a county. Thirty-three counties use aerial photography provided by Kentucky From Above, an initiative undertaken by the Commonwealth Office of Technology (COT). These counties only have ortho photographs. Seventy counties have their own contracts with vendors such as EagleView or Vexcel to provide them with ortho and oblique photography. The remaining 17 counties use USDA ortho aerial photography.

There are 11 tax roll software systems in use throughout the state. There are other various complementary software programs.

There are 107 PVA offices with a website. Each office negotiates its own contract agreement. Thirty-five PVAs are in an arrangement whereby they pay nothing for their website, but also do not receive any revenue from the site. Seventy-two PVA offices are charged anywhere from $2,500 to $44,000 a year for their website. These offices can generate subscription fees from their websites.

Sheriffs and county clerks are both involved in the collection of property taxes. Sheriffs collect over 98 percent of the amount of property taxes due. Delinquent tax bills are transferred to the county clerk's office from the sheriff on April 15th each year. All payments on these delinquent bills are received in the county clerk's office. The county clerks and sheriffs make their own decisions in regards to what software vendor they want to use. In a majority of cases there are no issues between vendors. If the same vendor was used by all offices involved in the property tax process, there could be a smooth transfer of data from the PVA office to the county clerk's office and to the sheriff's office.

Kent Anness testified that COT-GIS operates under KRS 42.650 and maintains the central statewide GIS clearinghouse. The agency provides centralized GIS services.

Kentucky is commonly known as the best mapped state in the nation. The state maintains a nationally recognized, publically available Enterprise GIS that is accessible as interactive maps, downloadable data, and baseline information. GIS began in Kentucky 40 years ago. The KyGeoNet and its supporting infrastructure at COT receives a monthly average of 15 million server requests from upwards of 30,000 unique visitors using interactive maps, retrieving data, or doing data research. Kentucky, through its KyFromAbove program, is one of the few states that has achieved statewide elevation data coverage.

GIS data is data about objects or events that have a location. Several agencies use GIS data in a variety of ways. Kentucky has over 400 layers of GIS data in its repository. The Commonwealth still lacks data layers for 911 address points and parcel data. Kentucky GIS promotes collaboration and reduces duplicative spending.

Mr. Anness discussed the importance of having 911 address point data. This data will enhance the response time of first responders, provide the exact situs address needed for PVA parcel mapping and assessment operations, improve decision making during infrastructure planning stages, and more.

Parcel data is a graphic representation of a property boundary used in the assessment process; it is not a legal property boundary. Parcel data exists in 120 separately maintained county-based datasets. Most PVAs utilize aerial photography when creating parcel lines.

Mr. Anness underscored the importance of sharing parcel data. Efficiencies and standards could be improved. Data sharing and collaboration would enhance governmental operations. Cost savings would also be realized if data was integrated and shared.

Agencies use parcel data for land management, decision support, and situational awareness. Agencies in state government need GIS data. The public benefits from GIS data through reduced operational costs, improved decision making within state and local governmental entities, and enhanced situational awareness for first responders and emergency management. PVAs see benefits such as improved parcel data geometry for publicly-held properties and increased data sharing with government entities.

Aerial photography provides context and is crucial for data updates. Mr. Anness reviewed the different features of aerial photography, such as leaf-on and leaf-off photography, oblique photography, resolution, and accuracy.

The KyFromAbove program is a successful collaborative effort to acquire statewide aerial photography and elevation data from LiDAR acquisitions. Over 20 local, state, and

federal partners have contributed over $13 million to this effort since 2012. PVAs need aerial photography for effective operations. Some PVAs license rather than purchase their imagery. Aerial photography is occasionally shared at the local level, but rarely shared with state government. Many counties do not have the financial resources to afford leaf-off aerial photography which places them at a disadvantage.

Mr. Anness reviewed opportunities for cost savings, including purchasing flyovers once and letting everyone use it. All GIS users need ortho imagery. Oblique imagery needs to be made available to PVAs. Data should be openly shared at all levels of government.

In response to a question from Representative Bridges, Mr. Anness testified that the technology exists to provide ortho and oblique imagery statewide, but that there must be a procurement mechanism to provide both.

Lieutenant Colonel Patrick Morgan discussed how the Kenton County sheriff's office and the Kenton County PVA's office work together with shared software on property tax issues, such as getting individuals signed up for the homestead exemption. The sheriff's office collected 99.2 percent of property taxes due. The office also has an in-house software system. Lieutenant Colonel Morgan concluded by saying that Kenton County's tax collection system is efficient.

In response to a question from Representative Bridges, Lieutenant Colonel Morgan testified that in Kenton County, if there is a problem with a property tax bill having the wrong address, the sheriff's office will send it to the PVAs office and the county clerk's office to resolve the issue.

Renesa Abner testified that the Henderson County PVA has a separate software, while the county clerk, county attorney, and the sheriff share the same software. It works well with the segregation of duties. By having a separate software system, it provides an extra layer of checks and balances to ensure the assessment data is accurate for preparing the tax bills. Approximately 21,000 tax bills were sent out this year in Henderson County. Annually, it costs about $18,000 to produce those tax bills in her county. Ms. Abner testified that there are no problems in Henderson County with there being two separate software programs as opposed to one shared program.

In response to a question from Representative Bridges, Tom Crawford stated that 116 counties are already using the same GIS software through the enterprise license agreement. This saves an estimated $200,000.

Overview of the Property Tax Calendar
Cynthia Brown, Legislative Committee Analyst, Appropriations and Revenue Staff, Legislative Research Commission, presented an overview of the property tax calendar.

Ms. Brown testified that the property tax calendar begins January 1 with the assessment date. The listing period follows the assessment date. The PVA is involved during this part of the calendar up through May. During the listing period, the PVA is collecting data to create the tax roll. The inspection period begins in May. During this time, the public can review the assessments and property owners can appeal the value of their property. After the inspection period, the Department of Revenue certifies tax rolls and assessments submitted by PVAs. The department certifies by doing a sales assessment ratio study to determine whether current assessments are within the acceptable range of fair cash value.

The Department for Local Government calculates a compensating tax rate and four percent tax rate for local taxing districts. Local taxing districts can levy those rates or elect to levy their own rates.

Once the assessments are complete and the tax rate is set, tax bills can be prepared. The county clerk prepares tax bills and must deliver those bills to the sheriff by September 15. Once the bills are delivered, the sheriff can mail them and collect the taxes. Tax bills are due to be paid by December 31.

PVAs are busy during the beginning of the year with assessments, but they have work throughout the year. Local taxing districts are busy with setting the tax rate in July and August. County clerks are busiest in September when they are preparing tax bills. County clerks are also busy with the delinquency process at the end of the year. Sheriffs are busy at the end of the tax year mailing and collecting the tax, in addition to dealing with delinquencies.

The dates and deadlines within the property tax calendar are mandated by statute rather than the state constitution.

This year, the property tax calendar deadlines were adjusted due to COVID-19. The Department of Revenue has the authority to adjust the property tax calendar if needed. The deadlines were adjusted this year by 60 days.

The largest issue with the property tax calendar is that deadlines are tight. When an entity fails to meet its deadlines, there will be a ripple effect throughout the calendar. Delays in the property tax calendar can impact the budgets of local taxing districts. Some taxing districts solely rely on property tax income. The timing of the calendar can also impede on other job duties, such as when county clerks have to prepare property tax bills in September while also preparing for a November election. Assessment notifications also consume time and resources, which can impact the calendar.

In response to a question from Senator Mills, Ms. Brown stated that the property tax calendar has not been amended in a long time.

Tom Crawford stated that this year has demonstrated that it is possible to make up time in the property tax calendar; the tax calendar is still on time this year even with the initial 60 day delay. In response to a question from Senator Mills, Mr. Crawford expressed his opinion that the property tax calendar did not need to be amended.

With no further business before the committee, the meeting was adjourned.