

APPRAISING THE PLAINS *of Kansas*

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2022 ANNUAL IAAO CONFERENCE

Kansas had a strong showing at the 2022 Annual IAAO Conference in Boston, with 19 in attendance. (Back row) Melinda Latham, Mitchell County; Steve Schurle, Riley County; Ryan Janzen Lyon County; Justin Eimers, Miami County; Anna Burson, Riley County; Jeff Ramsey, Johnson County; Tyler White, Sumner County; Lance Leis, Washington County; Laura Newell, Sumner County.

(Front row) Brad Eldridge, Douglas County; Wendy Prosser, Barton County; Allen Todd, who is holding the Presidential Citation for Greg McHenry, Riley County; Sandra Lucas, Miami County; Lisa Ree, Ellis County; and Steven Miles, Douglas County. Not pictured: Kara Endicott, Johnson County; Lori Reedy, Cowley County; Cindy Magill, Sumner County; and PVD Director David Harper.

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KATHY'S KORNER

Kathy Bridges, RMA, Linn County, KCAA President

Every day to and from work, I have what I call "windshield time." This is when I do some of my best thinking, planning, reflecting — the list goes on. Sometimes I post those thoughts on social media, so if

you are my Facebook friend, you may have read a few.

Anyway, after mailing the 2022 valuation notices, holding informal appeals and certifying our values to the County Clerk, one of those thoughts resonated with me and still does.

On June 16 – I posted the following on social media:
Windshield Time... Thought for Today

An Appraiser's job is trying to measure something that seems to be simply immeasurable. We are trying to measure human behavior. With the market over the past few years... this has undoubtedly been a challenge!

As humans, we try to predict what other people are going to do on a daily basis. We often do this by identifying repeating patterns in behavior. For example, in simple terms: someone's tendency to be late or times at which traffic is particularly bad, etc.

Making a good decision requires us not only to make our best possible guess as to what is going on right now, but to also make our best estimate of what we think might happen in the future.

In the last newsletter, I wrote about analysis and the trends and percentage of increases that our county was seeing (the measurement of human behavior). To be honest, it was scary to take that leap and make those unprecedented changes for 2022 values.

That thought has resurfaced recently after I learned that so many counties were out of 2021 commercial ratio study compliance – around 40 is what I was told. Yikes! And that 17 counties were out of 2022 substantial compliance, mainly due to the residential ratio study statistical measures. Boy did that make my heart sink. I know we all have a passion for what we do and take pride in our work. Commercial valuation has always been a challenge, but residential has certainly been up the ranks of being difficult, especially over the last few years.

With that said, the big question is: What can we do as a KCAA family in the future to assist with measuring these behaviors?

Over the past several months, the KCAA board, several KCAA committees, as well as PVD, have been brainstorming. Many items have come to fruition or are in the works. We need you, our membership, to step up and assist where you can to make the future successful.

Our KCAA board goals and accomplishments this past year were numerous and filled with many exciting things. Most of these will assist with doing our jobs better, while being more transparent moving forward. I am excited about these forward-thinking measures and ask that if you have ideas, get your voice out there!

Here's just a few items on the list:

- Power BI dashboards and beginner/intermediate Power BI training classes scheduled.
- KCAA letter of support and attendance to meetings for statewide implementation of assessment connect.

- Continuation of new appraisers' mentorship program following the PVD Orion user's monthly conference calls.

- Revamp of the KCAA mentorship program/application to be rolled out soon.

- Assisted PVD with review of implementation of certified instructor program.

- KCAA letter to the PVD director concerning ratio study and the statistical standards in Kansas.

- Several KCAA committees have been working hard on various issues that are too numerous to mention. (Huge shout out to each committee chair and members. Your hard work and commitment are making a difference!)

Over the years, I have had the opportunity to attend numerous IAAO conferences, however, I wasn't able to attend the IAAO conference in person in Boston in September. I was able to attend virtually. I did want to let everyone know that it was announced during the conference that IAAO will have a new value in exchange mentoring program that will kick off in the near future. My hope is to see some Kansas counties participate.

Over the years, I have learned so much from attending conferences and networking has been invaluable. I am excited for everyone who was able to go. Be sure to share your stories with others of your experience and apply some of that knowledge in your counties as well.

As my KCAA president term comes to an end at KAC in October, I want to express my sincere gratitude for you allowing me to serve our association in this position. I would also like to thank the KCAA board, Cindy Brenner, and the various appraisers and/or their staff that have stepped up and made a difference in so many ways over the past year. Your efforts have not gone unnoticed. I hope that the momentum keeps going on working together, because working together is better!

I look forward to seeing everyone at the KAC conference, Oct. 17 to 19 in Overland Park, and at the Orion user's conference Nov. 3 to 4 in Wichita. Take care and enjoy the fall season!

2022 IAAO Conference



Boston Pride

The IAAO Annual Conference was Aug. 28 to 31 in Boston. Kansas had 19 members in attendance.



Luck of the...Kansan?

Kansas had two lucky winners during the conference. Pictured left is Jeff Ramsey, Johnson County. Pictured in the right photo, on the far right, is Melinda Latham, Mitchell County. Each received prizes.



Posthumous Presidential Citation

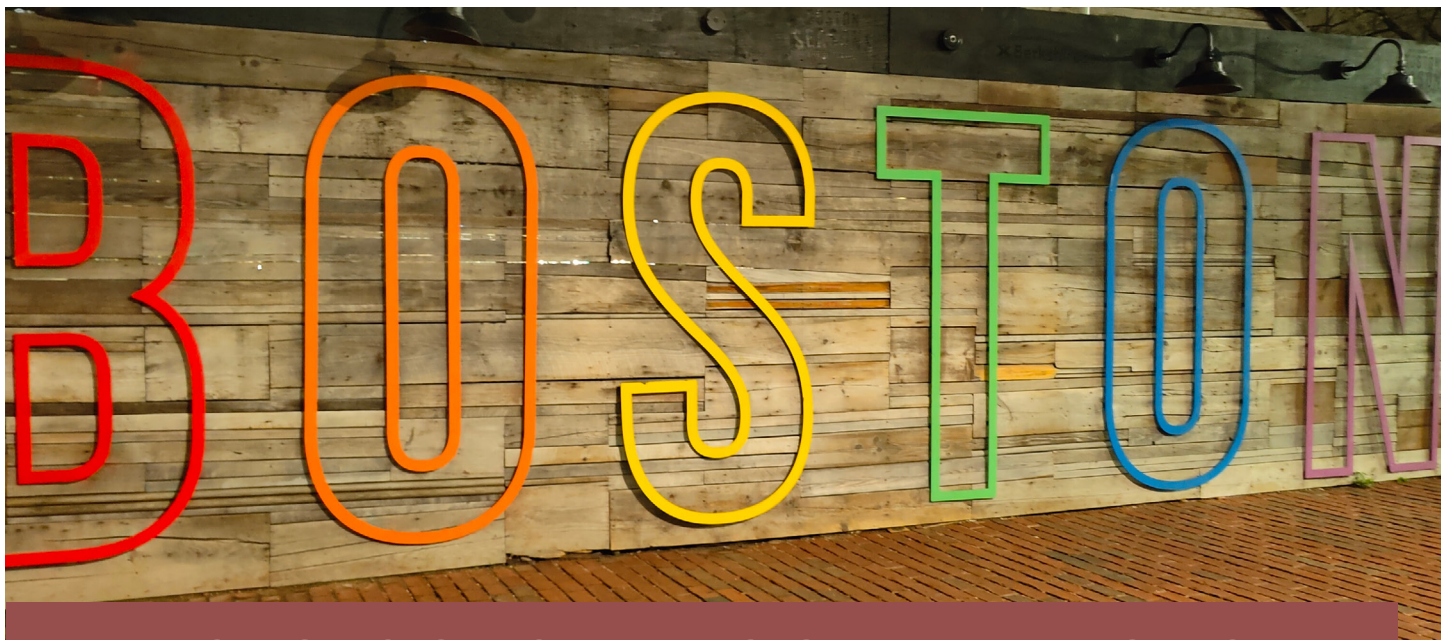
Tawny McHenry received the Presidential Citation from IAAO President L. Wade Patterson on behalf of Greg McHenry, Riley County. McHenry served as IAAO president from 2020-21 and as past president until he died in February 2022.



Justin Eimers, Miami County, shakes hands with IAAO President L. Wade Patterson as he receives his AAS designation.

Meeting of the Minds

Pictured left: Lance Leis, Washington County; Justin Eimers, Miami County; and Ryan Janzen, Lyon County; discuss the finer points of the exhibitor's hall.



REFLECTIONS ON SERVING ON THE IAAO BOARD

By Kara Endicott, CAE, RES, Johnson County, IAAO Region 1 Board Member



As a board member, you are encouraged to attend as many of the events — during and coinciding with the conference — as you can. You would probably do this anyway, but we realize once we are elected, we have a duty to represent at as many events as possible. That means we have

very busy days. Most of us are up very early in the morning and will be moving and grooving around until well after our usual bedtimes.

While it can become tiring, it is also extremely rewarding to meet and talk with all the members attending. As a member of IAAO, one of the greatest benefits the organization provides is connecting with other appraisers across the globe and uniting both personally and professionally.

What you soon find out is that your problems are often the same as others no matter where they might be located. You gain new perspectives and you will make new acquaintances and friends. Some of my best friends have been made through

my involvement in IAAO. Who would have thought a farm girl from Kansas would be close with other appraisers across the world? That is the kind of opportunity IAAO provides for us.

I also was given the opportunity to be a moderator and present a session at conference. If you can do either of these things, I would recommend it. While public speaking can be intimidating at times, it helps to break out of your comfort zone and allows you opportunities to meet even more people when they see you participating.

If I had a favorite moment of the conference, it was probably the WIN session that was held Wednesday morning. Getting the opportunity to sit down and discuss mentoring other professionals and learning of their experiences in their jurisdictions was incredibly eye opening. So many different backgrounds brought these outstanding professionals to this place and time and it really broadened my world view.

If I had to summarize my experience at conference, I guess I would say exhausting and yet very rewarding. There is so much to see and do — not only at the conference itself — but in the city hosting the event. Having the opportunity to visit Fenway Park with friends to catch a game or going to Little Italy for homemade pasta are experiences that cannot be missed. I always tell folks, 'It is not about the money you make in your lifetime; it is about the experiences you are open to that will define you,' and Boston was quite an experience. ■

IAAO CONFERENCE



CALIFORNIA



FLORIDA



INDIANA

This is How We Do It - Part Deux

By Lisa Ree, RMA, Ellis County,
Staff Writer

At the 2021 IAAO Conference, I attended a session titled “This is How We Do It.” The session presenters were from three states and discussed the differences in their appraisal methods and cycles. This year’s conference repeated that session, but with three different counties. Presenters were from Palm Beach County, Florida; Bartholomew County, Indiana; and San Diego County, California.

The Florida property appraiser piqued my interest when she stated she is not beholden to the county commission, meaning there is a separation of power between the two offices. The appraiser gives the commission the office budget with no authority to change it. They must accept it as presented.

She is also responsible for the annual notice of proposed property taxes statements that are mailed to all taxpayers. The process begins with the taxing authorities providing the office in early August with their required mill rate, which the office uses to calculate the total mill levy. The notice includes the property value and estimated taxes. Values are set as of Jan. 1 at 100% market value. Any new construction

projects must be 100% complete before being valued, although there is a provision for properties that are substantially complete.

“Applications of exemptions are where these three states differ greatly from Kansas.”

An Indiana assessor sets a market value based on use, with residential properties being set per a value in exchange, and industrial and special use properties valued at a use value. All properties have an assessment rate of 100%. Their valuations are based on a cost value with a market trend applied. The cost values are derived from a state cost system and a state depreciation schedule is applied.

A California assessor values properties according to Prop 13, which was initiated in 1978 and rolled values back to 1975. Properties are reassessed when there is a change in ownership or new construction or demolition occurs on the property. When either occurs, the property value is reset to a market value. Values can be adjusted annually up to 2% for inflation ad.

Applications of exemptions are where these three states differ greatly from Kansas. A permanent Florida resident is given a homestead exemption for their primary residence of \$5,000, which can be between \$500-\$800 in taxes. A value cap is applied to home values, the lessor of a 3% cap or the change in the CPI. However, the cap is eliminated if a property is sold with the buyer’s value reset to market value. For non-homestead properties, a 3% cap exists, and non-resident homeowners have 10% cap. Florida residents have the ability to carry-forward their existing cap from one residence to another homestead residence. This benefits homeowners who downsize their homes, allowing the use of an existing cap instead of having the value reset to sale price.

Indiana’s caps are applied to the tax bill, not the value. Residential homestead properties pay taxes on just 1% of the

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IAAO CONFERENCE

This is How We Do It continued from page 5

assessed value, while rental, long-term health and ag properties have a 2% cap. All other properties have a 3% tax bill cap. Indiana also has a homestead deduction, which can remove about three-fourths of the tax bill. The requirements include the owner must live in the residence and have no other homestead filed in any other state. The assessed value is reduced by 60%, up to \$45,000. Additionally, 35% of the assessed value is reduced, up to \$600,000. A deduction of 25% is applied to values over \$600,000. Another exemption is applied if the homestead has a mortgage — lowering the assessed value by \$3,000.

California allows for a \$7,000 homeowners exemption, which equates to a \$70 tax savings. The state also has Prop 19, which allows a home's adjusted base value to be transferred to children if they reside in the home. If not, the assessor has to determine what the market value of the home is when the owners vacate the property. Residents at least 65 years old can move their adjusted base value — the Prop 13 value — and use that base for a different residence in the state.

As you'd expect, appeals are handled differently in each state. Florida residents have the right to an informal conference after they receive their notice of proposed property tax statement. A county value adjustment board reviews any petitions filed. Appointed magistrates, who are typically fee appraisers or attorneys, are the hearing officers. Their appeals typically last from October to April.

Indiana property owners can have an informal hearing with the local assessor office. The next level of appeal is with the property tax board of appeals, which consists of three or five members. The next levels are the Indiana Board of Tax Review, Indiana Tax Court and the Indiana Supreme Court.

California has an informal hearing process where the homeowner appeals to the assessor's office. The formal appeal process includes hearings before an assessment appeals board or a county board of supervisors. The decisions of the appeals board are legally binding and enforceable. The State Board

of Equalization prescribes property tax rules and issues instructional documents to assist the appeal board with appeals. The next level of appeal is the California Supreme Court. None of the assessors mentioned have a payment-under-protest level similar to Kansas.

“Attending an IAAO conference provides you with many networking opportunities and a chance to see how the valuation process varies across state lines.”

After trying to grasp all the different types of caps and exemptions, it was a relief to see what \$1 million would get you in each county.

In Palm Beach County, Florida, you'd get a 2,700 square-foot, four bedroom, three-and-a-half bath home built in 1990 that is 45 minutes from the beach. If you wanted beach access and views, you'd get a 1,300 square-foot, two bedroom, two bath high-rise condo that comes with HOA fees of \$1,300/month.

In Indiana, your one million dollars would buy you a 3,660 square-foot, one-and-a-half story home built in 1989, which includes a detached double-car garage and your own boat dock.

The same money in California would buy a 1,467 square-foot, three bedroom, two-and-a-half bath home built in 1979, which includes \$380/month HOA fees.

Attending an IAAO conference provides you with many networking opportunities and a chance to see how the valuation process varies across state lines. We typically have the same end goal: assigning a market value. However, this session highlighted how different Kansas is when it comes to homestead exemptions and applying a cap to value or tax bills. I'm looking forward to attending a “This Is How We Do It: Part 3” session at next year's conference in Salt Lake City. ■

Orion User's Conference

Nov. 3 - 4 | National Center for Aviation Training, 4004 N. Webb Road, Wichita

In conjunction with Tyler and PVD, KCAA will offer the Orion User's Conference again this year. The cost is \$75 per person, which includes lunch on Nov. 3 and breakfast on Nov. 4. The agenda includes conference time and proposed topics. Visit the Orion user's conference page on the [KCAA website](#) for details about hotel rooms, conference registration and agenda.

2022 NCRAAO Conference



Brad Eldridge, Douglas County, did an impromptu class and killed it as usual.

First Experience as NCRAAO Board Member a Success

BY LISA BERG, RMA, DICKINSON COUNTY,
NCRAAO BOARD OF DIRECTORS

The first thing that I would like to say is “thank you” for appointing me to be one of the directors on the NCRAAO board. I take duty with honor.

In regards to the conference, I will say “WOW! What a great conference!”

I admit I had never been to a conference out of state, and it truly did not disappoint. I could have listened to the opening speaker, VJ Smith, for hours. What an inspirational speaker. He truly has the talent to make a person self-reflect, desire to do good, be the change and never be afraid to lend a helping hand: pretty much what we as appraisers strive to do daily.

The breakout sessions were very interesting as well. I took away many key points from several presentations. I really enjoyed the session “Generations in the Workplace,” as most of us have multiple generations working in our office. The interactions in this session were quite entertaining and informative. I would say spot on, actually.

The other benefit to the sessions offered were the discussions after the presentations. It is so interesting to hear how other states handle situations, what the standard protocols of the state are, and of course, developing new networks for information.

I love that fact that NCRAAO is a regional area of IAEO. The down-to-earth, open to any discussion attitude is so well received. I would STRONGLY encourage all of you and/or your staff to attend the next NCRAAO conference, set for June 18 to 22, 2023, in Burlington, Iowa. Hope to see you there! ■



Cindy Magill, Sumner County; Lisa Ree, Ellis County; and Lori Reedy, Cowley County, pictured above, made this into a girl's trip arriving a few days early to take in some of the sites.

Pictured top left: Kansas had ten representatives at the NCRAAO conference in South Dakota.

(Left to Right): Jeff Ramsey, Johnson County; Brad Eldridge, Douglas County; Ryan Michaelis, Morris/Wabaunsee Counties; Cindy Magill, Sumner County; Lori Reedy, Cowley County; Kara Endicott, Johnson County; Lisa Ree, Ellis County; Lisa Berg, Dickinson County; Tracy Weaver and Tony Fandel, Johnson County.

NCRAAO CONFERENCE



MY PERSPECTIVE

By Ryan Michaelis, RMA, Morris/Wabaunsee Counties,
KCAA President Elect

What a great location for a conference, Deadwood, South Dakota! I was able to attend my first NCRAAO conference June 26 to 30, located at the fabulous Lodge of Deadwood and Gaming Resort. There was great weather for all four days that allowed for hiking or touring the Black Hills in between a well-put-together conference.

The conference started off on Monday with golf at the Elk Horn golf course located between Deadwood and Spearfish. It had beautiful views coupled with a very challenging course. There were four participants from Kansas with Jeff Ramsey, Johnson County, winning the closest to pin prize. Evening activities included the president's reception and silent auction, which is the main fundraiser for NCRAAO. I left several bids, but came home empty handed.

Tuesday and Wednesday were mainly dedicated to educational sessions. Two of my favorites were "Map: Beyond Who Owns What," presented by Stacey Martin, GIS coordinator for Fall River County, and "The Art of Making a Powerful Presentation," by our very own Brad Eldridge, Douglas County.

In the GIS presentation, Martin showed how the county can query for different analysis using mapping. Fall River County uses maps to query for CDU ratings in a neighborhood. The results show parcels highlighted in different colors depending on CDU. It is easy to locate parcels that are normal and easy to review parcels that are outliers to make sure they are correct.

In "The Art of Making a Powerful Presentation," Eldridge had an interactive session and made time for a group activity, which was different from most

presentations. We all had badge holders around our neck with names tags that included what we ordered for our entrée on the final night. One gentleman had "chicken" visible in his badge holder, Eldridge immediately renamed him "Chicken" for the rest of the session. This simple move was able to break tension in the room and made us all laugh and relax. He talked to us about overcoming anxiety, preparing the presentation and the steps to making the presentation. We were then split up into small groups and given 15 minutes to prepare and give a speech on a certain topic. "Prepare! Prepare! Prepare!" — along with knowing your crowd — are all things I took from the presentation.

The conference concluded with a banquet Wednesday night with local entertainment provided by the Potter Family Music group. A major highlight of the evening was the fight over the Kansas license plate. Ultimately, Ramsey was guilted into giving Cindy Magill, Sumner County, the coveted table decoration. It was her last year representing Kansas at NCRAAO after all!

I plan on attending more of these conferences. It is a great chance to interact with other states. Next year, the NCRAAO conference is in Burlington, Iowa, at the Catfish Bend Casino FunCity Resort on the Mississippi River. I hope to see even more KCAA members there! ■

The Prize: (Left to Right) Lisa Ree, Ellis County; Lisa Berg, Dickinson County; Brad Eldridge, Douglas County; and Cindy Magill, Sumner County, pose with the personalized Kansas license plate.

Shame On You: Jeff Ramsey, Johnson County, was shamed into giving into Cindy Magill's demands.

Stress & Mental Health

By Karla McFee, Community Outreach & Education Specialist,
High Plains Mental Health Center

Editor's Note: This particular appraisal year has been difficult. Between losing colleagues, new jobs and state requirements, not to mention astronomical changes in the market, it is imperative that we don't forget to take care of ourselves. This is the first in a series of articles on mental health.

Mental health is a difficult topic to talk about. Many of us were not raised to talk about our feelings. If someone asks, "How are you?" our typical response is, "I'm good," "I'm fine," or "I'm doing okay."

Sometimes we don't feel like others really want to hear how we are actually feeling. But simply talking to somebody about how we actually feel can help. Often, our negative feelings are a result of stress.

Stress is a normal, and often inevitable, part of daily life and not all stress is negative. People use stress to do such things as meet deadlines, wake up in the morning (think of your alarm clock) and accomplish many things throughout the day.

It is important to manage our stress in a healthy way to protect our mental and physical health. People typically deal with general, routine stress, recover from it, stay healthy and even grow from it in. But if stress is not managed appropriately, it can cause us to become unhealthy, mentally and physically.

Unmanaged stress can cause us to become irritable and frequently annoyed. It can cause strain on our relationships. Because our mind and body are connected, stress can also cause physical changes, such as changes in our sleep or eating habits. It can cause physical symptoms, such as unexplained headaches, muscle pain, abdominal distress, skin breakouts and rapid heart rate. It can cause a person to always feel tired or worn out. A doctor can rule out physical causes for all these symptoms, and if they persist without a physical cause, it may be time to seek help for our mental health.

Some of the first steps a person can take to improve their mental health is the same steps that one would take to improve their physical health: get enough sleep, eat healthy foods and exercise.

Other steps a person can take involve good self-care, such as talking to friends and family, making time for activities that one enjoys, or using relaxation techniques such as deep breathing, meditation or prayer. For some, activities such as taking a walk,

reading a book, or listening to music may help reduce stress. Other ideas are to draw or write in a journal, watch a funny movie, take a relaxing bath or shower, or even take a nap.

If we were to become physically ill, we would seek health care. It is important to understand that our brain is also part of our body, and that mental illness is real.

"If we were to become physically ill, we would seek health care. It is important to understand that our brain is also part of our body, and that mental illness is real."

If our stress becomes overwhelming, a person may need to seek additional help. Just as physical illnesses can be treated and recovered from, mental illness also is diagnosable and treatable. People can and often do recover from mental illness. It is ok to admit that you are not ok. It does not signify weakness to not always be "fine."

One of the reasons that some may not seek help for a mental health challenge is that we do not know how, or we don't know what to expect. There are many options available for help.

Every community in Kansas is covered under a community mental health center. These centers accept most insurance and have sliding fee scales for those who have difficulty paying. Mental health providers can be accessed in person and through telehealth in many communities. If you aren't sure where to start, start with your primary medical provider. They can not only rule out a physical cause of symptoms, but can refer you to appropriate help in your area.

If you do seek a mental health provider, you can expect to talk to a non-judgmental person who has the training to help you plan the next steps. A counselor or therapist will not tell you what to do. They will listen, ask questions and help you to set goals and determine what steps you can take. Sometimes, simply talking about what is troubling us helps to get it out of our mind. A counselor or therapist can help us see the situation more clearly from an outside perspective. A mental health professional will not judge us. Just as there is no shame in going to a medical health provider if you are not feeling well, there is no shame in going to a mental health provider. ■

Resources

National Suicide Prevention Hotline: Call or text 988

Find your county's community mental health center at: bit.ly/3SdoK6U

American Psychological Association: [apa.org/topics/stress/tips](https://www.apa.org/topics/stress/tips)

Mentor Program for County Appraisers



By Brad Eldridge, MAI, CAE, RMA, Douglas County, Co-Editor

WHERE DO WE TURN FOR HELP?

Like most of you, I had no clue what I was doing when I started my job as an appraiser trainee. I was at the intersection of Unclear and Bewildered not knowing where to turn. Look at me now — I can use a fax machine and they trust me enough to answer the phones!

Each time we take a step up in staff position, we enjoy the humbling experience of becoming aware of what we don't know. It's part of the growth process.

KCAA started a mentor program a few years ago, but it got lost a bit during the COVID-19 pandemic. Since then, we've had several county appraisers retire, allowing for the next generation to step in. We also have new groups of deputy appraisers, personal property appraisers, and managers looking for help and guidance with their new positions.

GOOD NEWS

KCAA is bringing the mentor program back to life. Fortunately, KCAA has seasoned appraisers that are ready to help, but we're also asking our KCAA members to check in to see who is available and willing to help in various areas.

ROLL CALL

If you are interested in being a KCAA mentor,

please fill out the form at <https://bit.ly/3rnAl7o> (document) and email it to kcaa@sbcglobal.net. Please think about the area you'd like to assist with:

- Land analysis
- Residential depreciation
- Commercial depreciation
- Market modeling
- Commercial income/expense study
- Cap rate study
- Commercial real estate
- Personal property
- Grain elevators
- Technical questions
- CRS reports, extracts, other reports and interpreting the output
- Management issues

KCAA appreciates your willingness to share your time and talent.

WHO DO I CONTACT FOR HELP?

It's okay to need and ask for help...we've all been there. Please complete the form at <https://bit.ly/3rnAl7o> (document) and email it to kcaa@sbcglobal.net. In the meantime, I'll try to find my way from the intersection of Unclear and Bewildered (which is TOTALLY different than Dazed and Confused). ■

Image Source: Bing Images

My Neck, My Back, My Cybersecurity Attack

By Janae Robbins, RMA, Wyandotte County, Staff Writer,
and Matt Willard, RMA, AAS, Wyandotte County

The Unified Government (UG) of Wyandotte County and Kansas City, Kansas, experienced a cybersecurity attack on its data centers in April 2022 over Easter weekend affecting 95% of the workforce, including the appraiser's office. The impact of this attack lasted months and caused operational disruptions, increased costs, reputational damage, and of course, additional workloads.

The UG worked with the FBI, U.S. Department of Homeland Security and the Mid-America Regional Council cybersecurity task force to determine what data, if any, may have been compromised. To date there have been no reports of confidential data being compromised.

The cyberattack did expose several vulnerabilities in our processes, most relating to being fully dependent on access to digital information. To a lesser degree, our communication with the community was impacted by a lack of available information. As an organization and as an office, we had a very limited window to pivot since services had to continue.

This attack shut down our Orion, GSS and tax administration software. In addition, staff had no access to files or data located on the shared drives which includes imagery, property documentation, studies and — well, pretty much everything.

Due to the timing of the attack, one big challenge we faced was that we were in the middle of the informal appeal season. Due to an extended notice mailing date, less than a quarter of our appeals filed had been scheduled. Even fewer had documentation printed. This presented a big challenge in reconciling what was already scheduled and what still needed to be. This also required the creation of a process to schedule and notify appellants on the fly.

We were lucky in a couple of ways. The first was having an off-site copy of CAMA file. This is a flat file that is produced to help respond to FOIA requests. Having this allowed us to quickly produce a very basic replacement property record card to review with our taxpayers as part of the informal appeal process. The second bit of luck involved a records request from one of our taxpayers for a large batch of comp sheets. This request was for comp sheets for several models and were uploaded to our FOIA management system prior to the attack and we were able to retrieve and use them during informal appeals.

In the weeks following the attack, half of the appraiser's office staff was unable to login to their PCs. For those that could, many had no electronic way to correspond with other staff, professional connections, or the public.

With a great deal of hard work, we were able to get all our informal appeals scheduled, heard and decided. It was not until two weeks before the May 20 deadline that staff was able to access Orion again. This meant that 1,600 appeals had to be processed in a very short amount of time. This truly was an all-in effort from everyone in the office. Looking back, it was quite a grind, but we made it and learned a few things along the way.

Cloud-based services were the first to be restored. Applications relying on onsite servers, including Orion, took considerably more time and effort to restore.

Several processes needed to happen to restore Orion. The first step was to shut down the data center entirely and make the environment safe. The second step involved recovery of our backups and rebuilding the servers. This was done in stages. Appraisal data was restored first, followed by stored documents. This process was challenging due to an extremely strict security environment that required a representative from Tyler to verbally instruct a member of our IT staff on all restore operations.

Several key takeaways from this experience include the following:

- It is possible for any organization to be the victim of a cyberattack. Visit with your IT department to see what plans they have in place.
- Have a plan in place on how to continue operations "just in case."
- If possible, have "flat file" backups (CAMA file).
- Have copies of comp sales, cost and income reports (comp sheets will run in batches if you do not include images).
- Store the items list above in a cloud drive.
- Move and/or back up department files to a cloud drive.
- Be prepared for restoration of service to take longer than expected.
- Be prepared for restoration of service to be no fun at all.
- Anticipate public backlash and conspiracies.

Although challenging at the time, the incident created an opportunity for all of us to learn new skills, be innovative and reimagine how we operate and function. ■



Update on Johnson County Walmart Appeals at Kansas Supreme Court

By Brad Eldridge, MAI, CAE, RMA, Douglas County, Co-Editor

THE ROAD TO THE SUPREME COURT

In January 2019, the Kansas Board of Tax Appeals (BOTA) heard cases presented on 11 properties (nine Walmart and two Sam's Club stores) for the 2016 and 2017 tax years. The taxpayer's requested values were roughly 50% to 70% of those set by the Johnson County Appraiser's Office, with an average requested value at 54% of the county's values.

At the request of Johnson County, the Kansas Court of Appeals reviewed the BOTA decision. The Appeals Court published its findings on October 8, 2021. Johnson County contended that BOTA erroneously interpreted and applied the law — that its decision was not supported by substantial competent evidence and that its decision was unreasonable, arbitrary, or capricious.

The Court of Appeals affirmed BOTA's decision in favor of the taxpayer (Walmart).

Johnson County then filed the matter with the Kansas Supreme Court, asking it to make determinations on the following issues:

Whether the Prieb court stepped outside its judicial review function by ruling on matters of generally accepted principles of real estate appraisal instead of limiting its ruling to matters of law.

Whether the Prieb decision improperly limits BOTA's ability to weigh the evidence, credibility of experts and differing appraisal methodologies when making valuation decisions.

Whether Prieb is supported by proper legal or statutory authority.

Whether the Court of Appeals inappropriately relied on stare decisis in these matters.



KANSAS SUPREME COURT DECISION

On July 1, the Kansas State Supreme Court issued its decision:

Judgment of the Court of Appeals affirming the Board of Tax Appeals is reversed. Decision of the Board of Tax Appeals is reversed, and the case is remanded with directions.

The Supreme Court agreed with Johnson County's argument that Prieb improperly requires BOTA to consider only a single appraisal methodology that rejects build-to-suit rents even if expert witnesses testify otherwise. In other words: BOTA should not ignore evidence and expert witness testimony that conflicts with the Prieb decision.

The decision also agreed with the amicus brief filed by the Kansas Association of Counties that the Prieb dictate "requires the assumption of a nonmarket hypothetical as the starting point," by

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skewing appraisers against sale-leaseback and build-to-suit projects that “comprise a majority of the market activity” for these types of properties and ignores “a majority of the behavior of market participants active in this property use group.”

The Supreme Court concluded that the weight of authority does not support Prieb’s rule of law, which states build-to-suit rental rates to not reflect the market. It cited “the determination of the fair market value of property — whether real or personal — is generally a question of fact.” *Hutson v. Mosier*.

The Supreme Court went on to say that Prieb’s rationale invades BOTAs’ longstanding province as the factfinder in the statutory process of appraising real property at its fair market value.

The court also agreed with Johnson County that the Prieb decision should not be followed as a point of law by the same (district) court and all courts of lower rank. In other words, BOTAs are no longer bound by Prieb.

The Supreme Court did not make a determination on the issues raised at the Court of Appeals, as it thought the county failed to fully address the issues in its petition for review.

CURRENT STATUS

The “remanded with directions” judgement by the Supreme Court means that BOTAs must reconsider the case based on the determinations made in the 41-page Supreme Court decision.

As of the writing of this article, there has been no new decision issued by BOTAs on the matter regarding the Johnson County Walmart and Sam’s Club properties under appeal.

SUMMARY

This Supreme Court decision ruled in favor of Johnson County. BOTAs are no longer bound by the Prieb decision. This means that build-to-suit rents should not be ignored in the appraisal analysis and the use of build-to-suit rents does not nullify the expert witness’s testimony.

All evidence and expert testimony should be considered by BOTAs. BOTAs’ role is a fact finder in the statutory process. The party with the best facts should prevail in establishing the appropriate fair market value. ■

REFERENCES

Supreme Court Decision: <https://bit.ly/3UCK8E8>

Related Article

Kansas Reflector: <https://bit.ly/3SfLMtI>

Kansas City Star: <https://bit.ly/3BK2x9r>

‘IN THE KNOW’ Q&A... Concerning KREAB/RMA

By Kathy Bridges, RMA, Linn County, KCAA President

Question: What courses are approved for RMA continuing education?

Answer: Nikki Larson with PVD has indicated she has been working on converting the KREAB’s qualifying and continuing education approved courses PDFs into an Excel spreadsheet. Until then, you can find the PDFs of the KREAB approved courses on their site at: <https://kreab.kansas.gov/education/>.

The information is updated regularly, so please be sure to check periodically for changes.

Once on their site, click on one of the following.

[Listing of Approved Continuing Education Providers and Courses](#) (110 KB PDF)

[Listing of Approved Qualifying Education Providers and Courses](#) (87 KB PDF)

For convenience purposes, KCAA has also added these links to our website under the education tab: <https://www.kscaa.net/education/>

Question: If someone takes a course that qualifies, are they (PVD) updating the RMA/PVD transcript and reporting to KREAB?

Answer: Nikki Larson with PVD indicated the same protocols as before will be followed. If it’s a KREAB approved PVD course, then it will automatically be updated on your transcript once the course is completed. If it’s a KREAB approved, non-PVD sponsored course, she will need the certificate of completion sent to her to update a transcript.

Question: Do we have clarification on what the requirements now are to obtain the RMA designation?

Answer: David Harper, PVD director, indicated that all regulation changes concerning the RMA have been held up with administration. For now, PVD will work off the total hours in the current regulations, but the new requirements are in statute for the KREAB approval. Harper said he doesn’t anticipate movement on the RMA regulations until November and indicated that PVD will add a link to the KREAB continuing education list as well.

If you have additional questions, it is suggested that you reach out to PVD directly. ■

Knowledge is Power...Power BI

By Kathy Bridges, RMA, Linn County, KCAA President

The KCAA board, along with the education and technology committees, is excited to offer two Power BI courses in two locations in mid-November. Each offering has a beginner and an intermediate in-person course.

The instructor is David Cornell, MAI, CAE. Along with several other county appraisers, I took a virtual Power BI course from him this past year. I discovered how useful and powerful this new tool would be — not only in our respective county offices, but also statewide.

Since taking over as the KCAA president in October 2021, there have been several articles published in the KCAA newsletter concerning the new technology (Power BI) committee that was formed and why.

Maybe you are asking yourself, what is Power BI and why would I want to use it in my county? The potential of this software is HUGE! It is a powerful data visualization software program that utilizes dashboards to display various data measures and visualization tools. (A picture is worth a thousand words, right?)

Anyway, the objective of creating this committee was to create a Power BI dashboard that could be utilized statewide, with the goal of bringing consistency and efficiency across the state when it comes to information processing. It is believed this would be a great tool to add to our Kansas toolbox.

The Power BI technology committee consists of the following individuals: Ryan Janzen, chair; Anna Burson,

Justin Eimers, Melody Kikkert, Sandra Lucas, Lisa Ree, Janae Robbins and Steve Noyes with PVD. A big thank you goes out to these individuals who have volunteered their time and have already done a ton of outstanding work in creating several dashboards.

At the KCAA conference in June, there was a presentation on dashboards that can be utilized across the state for sales ratio analysis, tracking permits, reviewing quality/grade and CDU, etc. The great news is the committee is continuing to develop and test dashboards, which should be available to counties in the near future. YAY!!

PVD is also looking into building Power BI dashboards that would allow each county to evaluate, in real-time, the final review compliance checklist and others. The KCAA board and the technology committee would like to encourage you to download the free version of the Power BI software, as referenced in the summer 2022 KCAA newsletter, and start getting familiar with the technology.

We would also encourage you to register for one of the upcoming Power BI classes. Cornell is very passionate about this software and its capabilities, and he instructs in a manner that everyone can relate to and understand, so you can be successful going forward. He is also working with KREAB on the application process to get the courses approved for continuing education hours. We have not yet heard if the course has been approved by KREAB, but would encourage you either way to move forward with educating yourself and/or staff. Power BI is a valuable tool and knowledge is POWER!!

Go register now and gain the POWER and knowledge of Power BI! ■

Committee Puts Brakes on UTV Discussions

By Kelly DesLauriers, RMA, Lane/Ness/Rush Counties, Personal Property Committee Chair

Survey results for UTVs were recently sent out via email to the membership. The findings were interesting and pretty consistent throughout the state.

For example, most counties require ownership of some type of agricultural land with a difference among the counties only in minimum requirements. Most counties do not have a minimum, however, there was a range of five to 80 acres for a few counties.

Photos of the actual UTV came in second on the list for exemption. This makes sense. When asked what appraisers would not exempt, the number one answer was no utility bed. Another qualification some counties ask is a Schedule F tax form, which shows



APPROVED EXEMPTION



DENIED EXEMPTION

whether they have reported earned income to the IRS from farming or agricultural activities.

As stated in the previous newsletter, “PVD advises that if any UTV is listed for road use within a city, it may be strong evidence that the vehicle is not regularly used in farming/ranching.”

Bottom line, given the recent BOTA rulings and what PVD has said, the consensus seems to be that if the UTV has a utility bed and the owner holds agricultural land, it should be considered exempt. If in doubt, it should be sent to BOTA for them to make the final decision. ■



REAL ESTATE NOTES OF INTEREST

By Brad Eldridge, MAI, CAE, RMA,
Douglas County, Co-Editor

new listings, buyers' newfound bargaining power is reaching its limit, especially now that demand has stabilized."

building material prices rose only marginally, by 0.4%, in July, according to the Producer Price Index (PPI) from the Bureau of Labor Statistics."

FHLB Topeka Kansas Regional Meeting Presentation, WSU Center for Real Estate, Sept. 13. This presentation contains a variety of economic indicators and real estate data for Kansas.

Kansas Housing Market Stats – July 2022, by Heather Gray, Kansas Association of Realtors, Aug. 22. "Although inventories have begun to rise in several markets across the state, they are still near historic lows and less than half of where they were at this time in 2018."

Mortgage Rates Continue to Move Up, FreddieMac, Sept. 1. "The market's renewed perception of a more aggressive monetary policy stance has driven mortgage rates up to almost double what they were a year ago," said Sam Khater, Freddie Mac's Chief Economist. "The increase in mortgage rates is coming at a particularly vulnerable time for the housing market as sellers are recalibrating their pricing due to lower purchase demand, likely resulting in continued price growth deceleration."

Redfin Reports More Sellers Retreat Amid Falling Prices, Volatile Mortgage Rates, Redfin, Aug. 25. "Would-be sellers are reluctant to list their homes as they have begun to see prices come down. With few

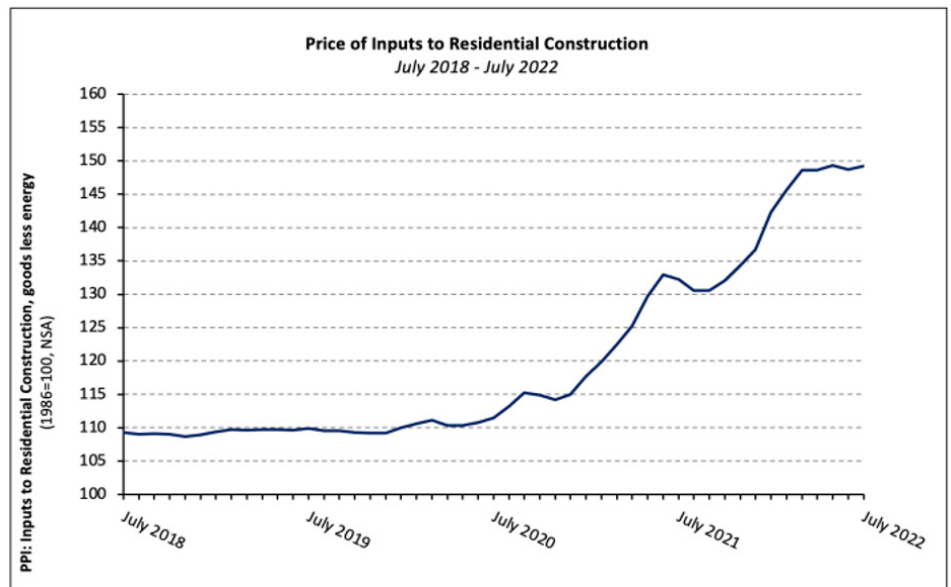
U.S. House Prices Rise 17.7 Percent over the Last Year; Up 4.0 Percent from the First Quarter, Federal Housing Financing Agency, Aug. 30. "Housing prices grew quickly through most of the second quarter of 2022, but a deceleration has appeared in the June monthly data. The pace of growth has subsided recently, which is consistent with other recent housing data."

Lumber Price Growth Moderates in July, *builderonline.com*, Aug. 15. "Prices for building materials have increased 35.7% since January 2020, with approximately 80% of the increase occurring since January 2021. Despite the strong increases since 2020 and 2021,

2022 U.S. Construction Cost Trends, CBRE, July 6. "CBRE's new Construction Cost Index forecasts a 14.1% year-over-year increase in construction costs by year-end 2022 as labor and material costs continue to rise. Escalation should stabilize to the 2%-4% range in 2023 and 2024, on par with historical averages." See *graph below*.

Job Growth Downshifts to Goldilocks Zone, Providing Runway for Fed to Pull Off Soft Landing, Marcus & Millichap, September 2022. "Last month's employment report ideal for Fed objectives. Employers added 315,000 personnel to payrolls in August, below the 526,000

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REAL ESTATE NOTES OF INTEREST

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jobs created in the previous month, but well above historical averages.”

Realtor.com® July Rental Report: Renting in the Suburbs Isn't as Cheap as It Used to Be,

Realtor.com, Aug. 24. “On average, renters saw a \$160/month increase in rent when renewing leases this year and a \$300/month increase when signing a new lease, according to Realtor.com®’s Avail Quarterly Landlord and Renter Survey.”

Where Do U.S. Property Values Go From Here?

Cushman & Wakefield, August 2022. “The economic outlook is becoming increasingly uncertain.

Numerous headwinds have emerged, including higher interest rates, inflation and rising persistent labor shortages. That said, real estate is a long-term investment and will continue to provide healthy cumulative returns.”

2022 Mid-Year Powerhouse Poll, *Berkadia*, Aug.

30. “Overall, the multifamily market continues to experience increased demand despite rising rent and interest rates. Berkadia mortgage bankers and investment sales agents (80%) expect multifamily rental demand will continue to outpace supply for the remainder of 2022.”

Rate of Inflation Makes Impact on Corporations' Real Estate Decisions, *by Paul Bubny, Connect CRE*, Sept. 9.

“Sixty-two percent of survey respondents from all global regions say the current rate of inflation is impacting their real estate decisions in one way or another.”

CRE Will Avoid Worse-Case Scenario, Survey Finds, *by Erik Sherman, Globe Street*, Aug. 31.

“The Trepp 2022 CRE sentiment survey wasn't a pile of doom and gloom. It found a 'prevailing sentiment is that a variety of adverse conditions will impact business, but [that] commercial real estate and the broader financial markets will avoid worst-case scenarios.'”

U.S. Cap Rate Survey H1 2022, *CBRE*, Aug. 24.

“The cap rate expansion since early June has been relatively modest at the high end of the market. Property sales have been dominated by all-cash buyers as well as industrial and multifamily investors willing to accept some negative leverage due to their expectations of continued strong rent growth.”

What Impact Are Construction Delays Having on the Industrial Sector? *by Patricia Kirk,*

WealthManagement.com, Sept. 1. “The industrial development pipeline is at its highest level in years. But developers are facing a host of new challenges.”

Data Center Demand Soars Amid Historically High Preleasing, *by Paul Bergeron, Globe Street*,

Aug. 30. “Data center operators are forecasting their biggest year this year – and at least for the next three years – as preleasing activities for campuses that are not built yet are piling up, according to a report from JLL.”

Retail Capital Markets Posted Impressive Numbers in H1. Will It Continue? *by Lynn Pollack,*

Globe Street, Sept. 9. “Total retail transaction volume clocked in just shy of \$45 billion in the first half of 2022, an 81% increase year-over-year, according to new research from JLL.”

Retail National Trends Report Q2 2022, *creXi.com*,

Aug. 29. “Retail has officially returned. In-person shopping made a surprising comeback, with metrics showing improved foot traffic and online retailers like Amazon reporting first-ever losses in a post-pandemic market. People are shopping, eating out, hitting the gym, and spending their pent-up cash, proving that the novelty of in-person experiences is a human essential.”

CPPI US Commercial Property Price Indices, *MSCI*

RCA, July 2022. “The pace of annual price growth across all major U.S. commercial property types faded in July, though most indexes still showed double-digit gains. The RCA CPPI National All-Property Index rose 16.8% from a year ago, marking a continued slowdown from record rates seen at the start of 2022. The index rose 0.9% in July from June.”

Steep Rent Hikes Intensify Focus on Lack of Affordable Housing, *by Bendix Anderson,*

WealthManagement.com, Aug. 26. “The universe of properties where millions of renters pay more than a third or even half their incomes on rent is very different than the universe of properties bought and sold by institutional investors and operated by professional managers, according to the data in new reports out this summer from RealPage and the Harvard Joint Center for Housing Studies.”

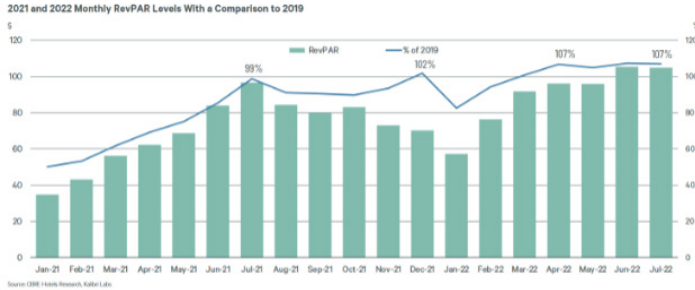
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REAL ESTATE NOTES OF INTEREST

Real Estate Notes continued from page 16

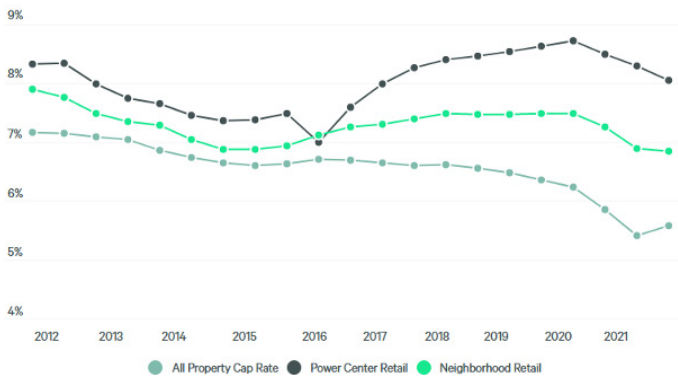
For the fifth month in a row national RevPAR exceeds 2019 levels

CBRE



U.S. Hotels State of the Union, CBRE, September 2022. “Despite downward pressure on economic growth and inflation headwinds, RevPAR exceeded 2019’s levels for the fifth consecutive month; however, demand growth is slowing, and we are seeing the first signs of margin pressures owing to more difficult comparisons, a slower than expected return to office and wage pressures.”

Figure 13: Cap Rate Trend by Retail Type



Note: Survey results were collected in May 2022 and may not reflect current market conditions. Source: CBRE Econometric Advisors.

U.S. Cap Rate Survey H1 2022, CBRE, Aug. 24. “Property sales have been dominated by all-cash buyers as well as industrial and multifamily investors willing to accept some negative leverage due to their expectations of continued strong rent growth.”

Property investment markets have been more active than they typically are during turbulent times.”

Self-Storage Five Fast Facts Q2 2022, by Mike Mele, Cushman & Wakefield, Aug. 30. “The self-storage market is experiencing another solid year so far in 2022. Rental income increased nationwide in Q2 2022 due to the increases in asking rental rates even though the physical occupancy decreased.”

2023 Commercial Real Estate Outlook, by Jeffrey J. Smith, Kathy Feucht, Sally Ann Flood, and Tim Coy, Deloitte, Sept. 14. “Concerns about the economy are top of mind for most global real estate leaders as they prepare for the remainder of 2022 and 2023.”

Fundamentals Continue Driving Self-Storage Success, by Amy Wolff Sorter, Connect CRE, Sept. 8. “The self-storage sector continues to enjoy sustained growth, thanks to various demand fundamentals.”

NAIOP Industrial Space Forecast: Still-hot Industrial Commercial Real Estate Showing Signs of Cooling, Commercial Real Estate Development Association, Aug. 16. “Amid lower pressure on global supply chains, increasing inventory carrying costs, a cooling economy, and a decrease in the rate of e-commerce expansion, retailers and logistics firms have slowed the rate at which they acquired additional industrial space this year.”

Where Are We in Return to the Office? Once Again, Nobody Is on the Same Page, by Elaine Misonzhnik, WealthManagement.com, Aug. 17. “The only trend that appears to be undisputable in the return to office story is that there’s no one overarching trend.”

What is ‘quiet quitting,’ and how it may be a misnomer for setting boundaries at work, by Amina Kilpatrick, NPR, August 19, 2022. “Closing your laptop at 5 p.m. Doing only your assigned tasks. Spending more time with family. These are just some of the common examples used to define the latest workplace trend of “quiet quitting.” ■

Correction Notice:

The Northwest District, along with Appraising the Plains, would like to apologize to Gene Bryan for misspelling his name in the district minutes printed in the July issue of the newsletter. Mr. Bryan has held the office of president of KCAA, KOC and KAC.

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47th Annual Kansas Association of Counties Conference & Exhibition Oct. 17-19 Overland Park

Registration is now open for the 47th Annual Kansas Association of Counties Conference and Exhibition, set for Oct. 17 to 19, in Overland Park.

Conference registration will look a little different this year since KAC is launching a new online platform, RegFox, for all conference registrations.

The platform is user friendly and requires an email address and password of your choosing. You will be able to register multiple individual county staff members by simply clicking on the add registrant icon.

Registration: <https://kansasassociationofcounties.regfox.com/2022-47th-annual-kansas-association-of-counties-conference-exhibition>

You can choose to pay by check or online by credit card. The registration confirmation receipt you receive via email will serve as your invoice if you pay by check. Please note: If you pay by credit card, there is a 2.9% processing fee added to your total.

If you have any questions regarding the RegFox registration platform, please contact Kimberly Qualls via email: qualls@kansascounties.org or phone: 785-213-4717.

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