

As Amended by House Committee

Session of 2025

HOUSE BILL No. 2408

By Committee on Taxation

Requested by Josh Brewer on behalf of Habitat for Humanity of the Northern Flint Hills

3-14

1 AN ACT concerning property taxation; relating to valuations of property;
2 providing that leased ground owned by a county-recognized
3 community land trust shall be considered as a factor in determining fair
4 market value; amending K.S.A.—2024 2025 Supp. 79-503a and
5 repealing the existing section.
6

7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A.—2024 2025 Supp. 79-503a is hereby amended to
9 read as follows: 79-503a. "Fair market value" means the amount in terms
10 of money that a well informed buyer is justified in paying and a well
11 informed seller is justified in accepting for property in an open and
12 competitive market, assuming that the parties are acting without undue
13 compulsion. In the determination of fair market value of any real property
14 ~~which~~ that is subject to any special assessment, such value shall not be
15 determined by adding the present value of the special assessment to the
16 sales price. For the purposes of this definition it will be assumed that
17 consummation of a sale occurs as of January 1.

18 Sales in and of themselves shall not be the sole criteria of fair market
19 value but shall be used in connection with cost, income and other factors,
20 including, but not by way of exclusion limited to:

- 21 (a) The proper classification of lands and improvements;
22 (b) the size thereof;
23 (c) the effect of location on value;
24 (d) depreciation, including physical deterioration or functional,
25 economic or social obsolescence;
26 (e) cost of reproduction of improvements;
27 (f) productivity taking into account all restrictions imposed by the
28 state or federal government and local governing bodies, including, but not
29 limited to, restrictions on property rented or leased to low income
30 individuals and families as authorized by section 42 of the federal internal
31 revenue code of 1986, as amended;
32 (g) earning capacity as indicated by lease price, by capitalization of
33 net income or by absorption or sell-out period;
34 (h) rental or reasonable rental values or rental values restricted by the

1 state or federal government or local governing bodies, including, but not
2 limited to, restrictions on property rented or leased to low income
3 individuals and families, as authorized by section 42 of the federal internal
4 revenue code of 1986, ~~as amended~~;

5 (i) sale value on open market with due allowance to abnormal
6 inflationary factors influencing such values;

7 (j) restrictions or requirements imposed upon the use of real estate by
8 the state or federal government or local governing bodies, including
9 zoning and planning boards or commissions, and including, but not limited to,
10 restrictions or requirements imposed upon the use of real estate rented
11 or leased to low income individuals and families, as authorized by section
12 42 of the federal internal revenue code of 1986, ~~as amended~~; ~~and~~

13 (k) comparison with values of other property of known or recognized
14 value. The assessment-sales ratio study shall not be used as an appraisal
15 for appraisal purposes; *and*

16 (l) *restrictions or requirements imposed upon the use of real estate on*
17 *leased ground owned by a county-recognized community land trust.*

18 The appraisal process utilized in the valuation of all real and tangible
19 personal property for ad valorem tax purposes shall conform to generally
20 accepted appraisal procedures and standards which are consistent with the
21 definition of fair market value unless otherwise specified by law.

22 The sale price or value at which a property sells or transfers ownership
23 in a federal internal revenue code section 1031 exchange shall not be
24 considered an indicator of fair market value nor as a factor in arriving at
25 fair market value. Federal internal revenue code section 1031 exchange
26 transactions shall not be used as comparable sales for valuation purposes
27 nor as valid sales for purposes of sales ratio studies conducted pursuant to
28 K.S.A. 79-1485 et seq., and amendments thereto.

29 Sec. 2. K.S.A. ~~2024~~ **2025** Supp. 79-503a is hereby repealed.

30 Sec. 3. This act shall take effect and be in force from and after its
31 publication in the statute book.