

**HOUSE BILL No. 2342**

By Committee on Taxation

2-16

1 AN ACT concerning property taxation; relating to appraisals; mill levy  
2 adjustments; resolutions; amending K.S.A. 79-5a04, 79-1412a, 79-  
3 1460a and 79-1466 and K.S.A. 2010 Supp. 79-1448, 79-1460 and 79-  
4 2925b and repealing the existing sections.

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) On and after tax year 2022, in any year in which  
8 an appraisal of real property is required under the second paragraph of  
9 K.S.A. 79-1412a, and amendments thereto, if the total taxable real  
10 property valuation in any municipality exceeds the aggregate baseline  
11 value of all taxable real property due to increases in the assessed  
12 valuation, then the governing body shall lower the mill levy rate to such  
13 rate that would equal the amount of ad valorem property taxes levied in  
14 the next previous year in which an appraisal of property was required  
15 under the second paragraph of K.S.A. 79-1412a, and amendments  
16 thereto. This subsection shall not apply to ad valorem taxes levied under  
17 K.S.A. 72-6431, 76-6b01 and 76-6b05, and amendments thereto.

18 (b) The provisions of subsection (a) shall not apply to or limit the  
19 levy of ad valorem taxes for the payment of principal and interest on  
20 bonds, temporary notes and no-fund warrants or judgments rendered  
21 against any such municipality.

22 (c) For the purposes of this section:

23 (1) "Baseline value" means the then appraised value of a piece of  
24 taxable property as of:

25 (A) January 1, 2012;

26 (B) the date the property described in section 2 first appears on the  
27 tax rolls; or

28 (C) the date of the last appraisal of property as required by K.S.A.  
29 79-1412a, and amendments thereto, whichever occurs last.

30 (2) "Municipality" means any county, township, municipal  
31 university, school district, community college, drainage district and any  
32 other taxing district or political subdivision which levies taxes on  
33 property.

34 New Sec. 2. (a) Improvements to property shall be valued by taking  
35 all like-zoned improvements within a radius of the subject property  
36 measuring 200 feet inside city limits and a radius measuring 1,000 feet

1 outside such limits and determining an average value per square foot.  
2 That average square foot value shall then be applied to the improvement  
3 to assess the value of such improvement.

4 (b) In the case of real property which has been rezoned, all like-  
5 zoned real property within a radius of the subject property measuring 200  
6 feet inside city limits and a radius measuring 1,000 feet outside such  
7 limits shall be taken and an average value per square foot shall be  
8 determined. That average square foot value shall then be applied to the  
9 subject property to assess its value.

10 (c) Should no like-zoned improvements or properties be found  
11 within the limits described in subsection (a) and (b) of this section, the  
12 average square foot value to be applied shall be that of the average of the  
13 10 nearest like-zoned improvements or properties, as the case may be,  
14 within the state of Kansas, regardless of distance.

15 Sec. 3. K.S.A. 79-5a04 is hereby amended to read as follows: 79-  
16 5a04. The director of property valuation shall annually determine the fair  
17 market value of public utility *personal* property, ~~both real and personal~~,  
18 *both* tangible and intangible, of every public utility as defined in  
19 subsection (a) of K.S.A. 79-5a01, and amendments thereto. *The director*  
20 *of property valuation shall determine the fair market value of public*  
21 *utility real property of every public utility as defined in subsection (a) of*  
22 *K.S.A. 79-5a01, and amendments thereto, for any year in which a county*  
23 *and district appraiser is required to appraise the value of real property*  
24 *under the second paragraph of K.S.A. 79-1412a, and amendments*  
25 *thereto.*

26 As used in this section, "fair market value" means the amount in terms  
27 of money that a well informed buyer is justified in paying and a well  
28 informed seller is justified in accepting for property in an open and  
29 competitive market, assuming that the parties are acting without undue  
30 compulsion. For the purposes of this definition, it shall be assumed that  
31 consummation of a sale occurs as of January 1.

32 The division of property valuation in determining the fair market  
33 value of public utility property shall, where practicable, determine the  
34 unit valuation, allocated to Kansas, and in doing so shall use generally  
35 accepted appraisal procedures developed through the appraisal process  
36 and may consider, including but not by way of exclusion, the following  
37 factors:

38 (a) Original cost.

39 (b) Original cost less depreciation or reproduction cost less  
40 depreciation, or both, or replacement cost new less depreciation, except  
41 that where either method is used proper allowance and deduction shall be  
42 made for functional or economic obsolescence and for operation of  
43 nonprofitable facilities which necessitate regulatory body approval to

1 eliminate.

2 (c) The market or actual value of all outstanding capital stock and  
3 debt.

4 (d) The utility operating income, capitalized in the manner and at  
5 such rate or rates as shall be just and reasonable.

6 (e) Such other information or evidence as to value as may be  
7 obtained that will enable the property valuation department to determine  
8 the fair market value of the property of such public utility.

9 The fair market value of affiliated properties separately assessed, or  
10 the nonoperating properties of such companies, or both, shall be  
11 ascertained and determined as nearly as possible and deducted from the  
12 total unit value of the properties of such companies if such properties are  
13 included in the unit value. Except for the property of any entity  
14 enumerated in subsection (b) of K.S.A. 79-5a01, and amendments  
15 thereto, and insofar as it is practicable to do so, the same method of  
16 evaluating the properties of the companies separately assessed or  
17 nonoperating properties, or both, shall be used as was used in determining  
18 the unit value of such companies. All property of any entity enumerated  
19 in subsection (b) of K.S.A. 79-5a01, and amendments thereto, shall be  
20 valued by the county or district appraiser in the same manner as provided  
21 by law for the valuation of the same type or class of property in the  
22 county.

23 Sec. 4. K.S.A. 79-1412a is hereby amended to read as follows: 79-  
24 1412a. (a) County appraisers and district appraisers shall perform the  
25 following duties:

26 *First.* Install and maintain such records and data relating to all  
27 property in the county, taxable and exempt, as may be required by the  
28 director of property valuation.

29 *Second.* Annually, as of January 1, supervise the listing and appraisal  
30 of all ~~real estate~~ and personal property in the county subject to taxation  
31 except state-appraised property. *As of January 1, 2012, and then every*  
32 *10 years thereafter; supervise the listing and appraisal of all real estate in*  
33 *the county subject to taxation except state-appraised property.*

34 *Third.* Attend meetings of the county board of equalization for the  
35 purpose of aiding such board in the proper discharge of its duties, making  
36 all records available to the county board of equalization.

37 *Fourth.* Prepare the appraisal roll and certify such rolls to the county  
38 clerk.

39 *Fifth.* Supervise the township trustees, assistants, appraisers and other  
40 employees appointed by the appraiser in the performance of their duties.

41 *Sixth.* The county appraiser or district appraiser in setting values for  
42 various types of personal property, shall conform to the values for such  
43 property as shown in the personal property appraisal guides devised or

1 prescribed by the director of property valuation.

2 *Seventh. During any year where appraisal is required under the*  
3 *provisions of this section, carry on continuously throughout the year the*  
4 *process of appraising real property.*

5 *Eighth. If the county appraiser or district appraiser deems it advisable,*  
6 *such appraiser may appoint one or more advisory committees of not less*  
7 *than five persons representative of the various economic interests and*  
8 *geographic areas of the county to assist the appraiser in establishing unit*  
9 *land values, unit values for structures, productivity, classifications for*  
10 *agricultural lands, adjustments for location factors, and generally to*  
11 *advise on assessment procedures and methods.*

12 *Ninth. Perform such other duties as may be required by law.*

13 (b) The director of property valuation shall give notice to county and  
14 district appraisers and county boards of equalization of any proposed  
15 changes in the guides, schedules or methodology for use in valuing  
16 property prescribed to the county and district appraisers for use in setting  
17 values for property within the county or district. Such notice shall also be  
18 published in the Kansas register and shall provide that such changes are  
19 available for public inspection. Changes and modifications in guides,  
20 schedules or methodology for use in valuing property which are  
21 prescribed by the director of property valuation for use by county and  
22 district appraisers on or after July 1 in any year shall not be utilized in  
23 establishing the value, for the current tax year, of any property, the value  
24 of which has previously been established for such year.

25 Sec. 5. K.S.A. 2010 Supp. 79-1448 is hereby amended to read as  
26 follows: 79-1448. Any taxpayer may complain or appeal to the county  
27 appraiser from the classification or appraisal of the taxpayer's property by  
28 giving notice to the county appraiser: (1) Within 30 days subsequent to  
29 the date of mailing of the valuation notice required by K.S.A. 79-1460,  
30 and amendments thereto, for real property;; (2) ~~and~~ on or before May 15  
31 for personal property; and (3) *in any year in which the mailing of a*  
32 *valuation notice is not required by K.S.A. 79-1460, and amendments*  
33 *thereto, on or before April 1. The county appraiser or the appraiser's*  
34 *designee shall arrange to hold an informal meeting with the aggrieved*  
35 *taxpayer with reference to the property in question. At such meeting it*  
36 *shall be the duty of the county appraiser or the county appraiser's*  
37 *designee to initiate production of evidence to substantiate the valuation of*  
38 *such property, including the affording to the taxpayer of the opportunity*  
39 *to review the data sheet of comparable sales utilized in the determination*  
40 *of such valuation. The county appraiser may extend the time in which the*  
41 *taxpayer may informally appeal from the classification or appraisal of the*  
42 *taxpayer's property for just and adequate reasons. Except as provided in*  
43 *K.S.A. 79-1404, and amendments thereto, no informal meeting regarding*

1 real property shall be scheduled to take place after May 15, nor shall a  
2 final determination be given by the appraiser after May 20. Any final  
3 determination shall be accompanied by a written explanation of the  
4 reasoning upon which such determination is based when such  
5 determination is not in favor of the taxpayer. Any taxpayer who is  
6 aggrieved by the final determination of the county appraiser may appeal  
7 to the hearing officer or panel appointed pursuant to K.S.A. 79-1611, and  
8 amendments thereto, and such hearing officer, or panel, for just cause  
9 shown and recorded, is authorized to change the classification or  
10 valuation of specific tracts or individual items of real or personal property  
11 in the same manner provided for in K.S.A. 79-1606, and amendments  
12 thereto. In lieu of appealing to a hearing officer or panel appointed  
13 pursuant to K.S.A. 79-1611, and amendments thereto, any taxpayer  
14 aggrieved by the final determination of the county appraiser, except with  
15 regard to land devoted to agricultural use, wherein the value of the  
16 property, is less than \$2,000,000, as reflected on the valuation notice, or  
17 the property constitutes single family residential property, may appeal to  
18 the small claims and expedited hearings division of the state court of tax  
19 appeals within the time period prescribed by K.S.A. 79-1606, and  
20 amendments thereto. Any taxpayer who is aggrieved by the final  
21 determination of a hearing officer or panel may appeal to the state court  
22 of tax appeals as provided in K.S.A. 79-1609, and amendments thereto.  
23 An informal meeting with the county appraiser or the appraiser's designee  
24 shall be a condition precedent to an appeal to the county or district  
25 hearing panel.

26 Sec. 6. K.S.A. 2010 Supp. 79-1460 is hereby amended to read as  
27 follows: 79-1460. (a) The county appraiser shall notify each taxpayer in  
28 the county annually on or before ~~March 1 for real property~~ and May 1 for  
29 personal property, *and for real property, on or before March 1, 2012,*  
30 *and on or before March 1 in any year thereafter in which a county and*  
31 *district appraiser is required to appraise the value of real property under*  
32 *the second paragraph of K.S.A. 79-1412a, and amendments thereto,* by  
33 mail directed to the taxpayer's last known address, of the classification  
34 and appraised valuation of the taxpayer's property, except that, the  
35 valuation for all real property shall not be increased unless: (1) The  
36 record of the latest physical inspection was reviewed by the county or  
37 district appraiser, and documentation exists to support such increase in  
38 valuation in compliance with the directives and specifications of the  
39 director of property valuation, and such record and documentation is  
40 available to the affected taxpayer; and (2) for the taxable year next  
41 following the taxable year that the valuation for real property has been  
42 reduced due to a final determination made pursuant to the valuation  
43 appeals process, documented substantial and compelling reasons exist

1 therefor and are provided by the county appraiser. When the valuation for  
2 real property has been reduced due to a final determination made  
3 pursuant to the valuation appeals process for the prior year, and the  
4 county appraiser has already certified the appraisal rolls for the current  
5 year to the county clerk pursuant to K.S.A. 79-1466, and amendments  
6 thereto, the county appraiser may amend the appraisal rolls and certify the  
7 changes to the county clerk to implement the provisions of this subsection  
8 and reduce the valuation of the real property to the prior year's final  
9 determination, except that such changes shall not be made after October  
10 31 of the current year. For the purposes of this section and in the case of  
11 real property, the term "taxpayer" shall be deemed to be the person in  
12 ownership of the property as indicated on the records of the office of  
13 register of deeds or county clerk and, in the case where the real property  
14 or improvement thereon is the subject of a lease agreement, such term  
15 shall also be deemed to include the lessee of such property if the lease  
16 agreement has been recorded or filed in the office of the register of deeds.  
17 Such notice shall specify separately both the previous and current  
18 appraised and assessed values for each property class identified on the  
19 parcel. Such notice shall also contain the uniform parcel identification  
20 number prescribed by the director of property valuation. Such notice shall  
21 also contain a statement of the taxpayer's right to appeal, the procedure to  
22 be followed in making such appeal and the availability without charge of  
23 the guide devised pursuant to subsection (b). Such notice may, and if the  
24 board of county commissioners so require, shall provide the parcel  
25 identification number, address and the sale date and amount of any or all  
26 sales utilized in the determination of appraised value of residential real  
27 property. In any year in which no change in appraised valuation of any  
28 real property from its appraised valuation in the next preceding year is  
29 determined, an alternative form of notification which has been approved  
30 by the director of property valuation may be utilized by a county. Failure  
31 to timely mail or receive such notice shall in no way invalidate the  
32 classification or appraised valuation as changed. The secretary of revenue  
33 shall adopt rules and regulations necessary to implement the provisions of  
34 this section.

35 (b) For all taxable years commencing after December 31, 1999,  
36 there shall be provided to each taxpayer, upon request, a guide to the  
37 property tax appeals process. The director of the division of property  
38 valuation shall devise and publish such guide, and shall provide sufficient  
39 copies thereof to all county appraisers. Such guide shall include but not  
40 be limited to: (1) A restatement of the law which pertains to the process  
41 and practice of property appraisal methodology, including the contents of  
42 K.S.A. 79-503a and 79-1460, and amendments thereto; (2) the procedures  
43 of the appeals process, including the order and burden of proof of each

1 party and time frames required by law; and (3) such other information  
2 deemed necessary to educate and enable a taxpayer to properly and  
3 competently pursue an appraisal appeal.

4 Sec. 7. K.S.A. 79-1460a is hereby amended to read as follows: 79-  
5 1460a. ~~Annually~~; At least five business days prior to the mailing of  
6 change of valuation notices pursuant to K.S.A. 79-1460, and amendments  
7 thereto, the county or district appraiser shall cause to be published in the  
8 official county newspaper the results of the market study analysis as  
9 prescribed by the director of the division of property valuation of the  
10 department of revenue.

11 Sec. 8. K.S.A. 79-1466 is hereby amended to read as follows: 79-  
12 1466. Commencing on January 1, 2012, *and then for any year thereafter*  
13 *in which a county and district appraiser is required to appraise the value*  
14 *of real property under the second paragraph of K.S.A. 79-1412a, and*  
15 *amendments thereto, of each year*, the county or district appraiser shall  
16 transmit the taxable real property appraisals and the exempt real property  
17 appraisals to the county clerk continually upon the completion thereof.  
18 *Commencing on January 1 of each year, the county or district appraiser*  
19 *shall transmit the exempt real property appraisals to the county clerk*  
20 *continually upon the completion thereof.*

21 Upon completion of transmission of such appraisals to the county  
22 clerk, on or before June 15 of each year, the county or district appraiser  
23 shall deliver a document certifying that such appraisals constitute the  
24 complete appraisal rolls for real property.

25 The taxable real property appraisal roll shall consist of all real  
26 property appraisals which in aggregate list all taxable land and  
27 improvements located within the county.

28 The exempt real property appraisal roll shall consist of all real  
29 property appraisals which in aggregate list all exempt land and  
30 improvements located within the county.

31 All transmissions required by this section may be made electronically.

32 Sec. 9. K.S.A. 2010 Supp. 79-2925b is hereby amended to read as  
33 follows: 79-2925b. (a) Without adoption of a resolution or ordinance so  
34 providing, the governing body of any taxing subdivision shall not  
35 approve any appropriation or budget, as the case requires, which may be  
36 funded by revenue produced from property taxes, and which provides for  
37 funding with such revenue in an amount exceeding that of the next  
38 preceding year, *or, in a year in which a mill levy adjustment is required*  
39 *under section 1, revenue in an amount exceeding that of the most recent*  
40 *year in which an appraisal of real property was required under the*  
41 *second paragraph of K.S.A. 79-1412a, and amendments thereto, except*  
42 *with regard to revenue produced and attributable to the taxation of: (1)*  
43 *New improvements to real property;*

1 (2) increased personal property valuation, other than increased  
2 valuation of oil and gas leaseholds and mobile homes;

3 (3) property located within added jurisdictional territory; and

4 (4) property which has changed in use.

5 (b) The provisions of this section shall be applicable to all fiscal and  
6 budget years commencing on and after the effective date of this act.

7 (c) The provisions of this section shall not apply to community  
8 colleges or unified school districts.

9 (d) The provisions of this section shall not apply to revenue received  
10 from property tax levied for the sole purpose of repayment of the  
11 principal of and interest upon bonded indebtedness, temporary notes and  
12 no-fund warrants.

13 (e) *Any resolution adopted pursuant to this section shall be*  
14 *published in the official county newspaper of the county where such*  
15 *taxing subdivision is located.*

16 Sec. 10. K.S.A. 79-5a04, 79-1412a, 79-1460a and 79-1466 and  
17 K.S.A. 2010 Supp. 79-1448, 79-1460 and 79-2925b are hereby repealed.

18 Sec. 11. This act shall take effect and be in force from and after  
19 January 1, 2012 and its publication in the statute book.