Session of 2025

HOUSE BILL No. 2079

By Committee on Taxation

Requested by Representative Bryce on behalf of Representative Roth

1-23

AN ACT concerning property taxation; relating to the valuation of real property; requiring that comparable residential sales occur within the subdivision or township or the closest-located subdivision or township where such property is located; amending K.S.A. 2024 Supp. 79-503a and repealing the existing section.

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

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

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

(a) The proper classification of lands and improvements;

(b) the size thereof;

(c) the effect of location on value;

(d) depreciation, including physical deterioration or functional, economic or social obsolescence;

(e) cost of reproduction of improvements;

(f) productivity taking into account all restrictions imposed by the state or federal government and local governing bodies, including, but not limited to, restrictions on property rented or leased to low income individuals and families as authorized by section 42 of the federal internal revenue code of 1986, as amended;

(g) earning capacity as indicated by lease price, by capitalization of net income or by absorption or sell-out period;

(h) rental or reasonable rental values or rental values restricted by the state or federal government or local governing bodies, including, but not

limited to, restrictions on property rented or leased to low income individuals and families, as authorized by section 42 of the federal internal revenue code of 1986, as amended;

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

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

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

In the event that sales of real property used for residential purposes are used as a criteria in determining fair market value, comparison sales shall only be used to the extent that such comparative sales occurred within the subdivision of a city or the township, or the closest-located subdivision or township, where such property is located.

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

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

Sec. 2. K.S.A. 2024 Supp. 79-503a is hereby repealed.

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