

SENATE BILL No. 512

By Committee on Assessment and Taxation

2-5

AN ACT relating to property taxation; concerning the definition of fair market value; amending K.S.A. 79-503a and repealing the existing section.

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

Section 1. K.S.A. 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. For the purposes of this definition it will be assumed that consummation of a sale occurs as of January 1. *The sales price of property sold or otherwise transferred shall be exclusive of commissions, fees and other costs associated with any such sale or transfer.*

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;
- (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;
- (i) sale value on open market with due allowance to abnormal inflationary factors influencing such values;
- (j) restrictions imposed upon the use of real estate by local governing bodies, including zoning and planning boards or commissions; 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.

The appraisal process utilized in the valuation of all real and tangible

1 personal property for ad valorem tax purposes shall conform to generally
2 accepted appraisal procedures which are adaptable to mass appraisal and
3 consistent with the definition of fair market value unless otherwise spec-
4 ified by law.

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 K.S.A. 79-503a is hereby repealed.

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

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