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Date: March 15, 2023

Re: **SB 274 AN ACT concerning property taxation; relating to valuation; requiring the use of the cost approach for special purpose property.**

Position: Opponent, In-Person

From: Aaron M. Popelka, V.P. of Legal and Governmental Affairs, Kansas Livestock Association

To: Senate Committee on Assessment and Taxation
Sen. Caryn Tyson, Chair

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing more than 5,700 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf, and stocker cattle production; cattle feeding; dairy production; swine production; grazing land management; and diversified farming operations.

Thank you, Chairwoman Tyson, and members of the Committee, for giving the Kansas Livestock Association (KLA) the opportunity to share our views on SB 274. KLA opposes SB 274 because it could disrupt current appraisal methods of feedlots in Kansas, which are generally supported by KLA feedlot owners.

KLA understands the drafters of SB 274 have a legitimate purpose for introducing this bill and reasons exist to “exclude the value of the business operating on the property” from appraisals of the real estate for property tax purposes. Currently, appraisals of feedlots are conducted pursuant to the Kansas Department of Revenue, Feedlot Appraisal Guide for the State of Kansas (Feedlot Guide).¹ This guide does not allow for the value of the business on the property to be used in the appraisal. To that extent, KLA does not oppose subsection (a) of section 1.

KLA is concerned, however, with the requirement in subsection (b), which states: “the appraiser shall use the cost approach and may use one or more other approaches to value.” The Feedlot Guide starts with comparable sales and adjusts for the size and quality of the feedlot, of which some adjustments may be cost-related. Requiring feedlots to use the cost approach could distort current valuations and lead to an increase in property taxes for feedlots.

There may be specific reason that proponents of SB 274 requested this requirement, but KLA is unsure why the bill was drafted to apply this requirement to feedlots. KLA requests that either

¹Kansas Department of Revenue, Feedlot Appraisal Guide for the State of Kansas 2023, *available at* <https://www.ksrevenue.gov/pdf/feedlotvalguide.pdf>

the Committee delete subsection (b) from the bill or redraft this provision to require the appraiser to use either the comparison or cost approach or some combination of those approaches.

Finally, there is a technical matter in subsection (d) that should be adjusted. Many of us in the industry use the term "feedyard" to describe operations where cattle are confined and fed, but in Kansas statutes, regulations, and guidance, these operations are referred to as "feedlots." This term should be adjusted should some version of this legislation advance.

KLA appreciates the opportunity to submit testimony as an opponent of SB 274. We ask that the Committee not take action on the bill at this time and allow interested parties to negotiate revisions to the bill.