

To: Senate Committee on Assessment and Taxation
From: Nathan Eberline, Executive Director
Date: March 15, 2023
RE: SB 274 – Cost Approach on Property Tax Valuation
Opposition – Written Testimony

Thank you to the Chair and Committee for the opportunity to submit testimony in opposition to SB 274, which proposes changes regarding property valuation for special-purposes property.

The idea of fair-market value is core to Kansas in setting clear expectation in relation to property. When owners seek to sell their property, the process includes gauging the current value of the land and its improvements, which includes the “value of the business operating on the property.” Senate Bill 274, however, bypasses this approach by basing fair-market value not on the totality of the value—the unique characteristics and potential uses of the property. Instead, the bill’s proposal minimizes current property considerations that are core to valuation.

The effect of this approach artificially deflates the value of property, which effectually raises the taxes on property that does not meet the definition of “special purposes.” This change would more likely prompt inaccurate assessments of property value, because it dismisses characteristics that give the land its value. Carveouts like SB 274 are examples of government choosing winners and losers rather than the letting the free market drive the valuation of property. The League opposes this approach to valuation and opposes this bill.

Thank you for your time and for considering these concerns. While I do not intend to provide oral testimony today, I am always available to provide additional information and answer any questions you might have.

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