

HOUSE BILL No. 2079

By Committee on Taxation

Requested by Representative Bryce on behalf of Representative Roth

1-23

1 AN ACT concerning property taxation; relating to the valuation of real
2 property; requiring that comparable residential sales occur within the
3 subdivision or township or the closest-located subdivision or township
4 where such property is located; amending K.S.A. 2024 Supp. 79-503a
5 and repealing the existing section.
6

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

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

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

- 21 (a) The proper classification of lands and improvements;
- 22 (b) the size thereof;
- 23 (c) the effect of location on value;
- 24 (d) depreciation, including physical deterioration or functional,
25 economic or social obsolescence;
- 26 (e) cost of reproduction of improvements;
- 27 (f) productivity taking into account all restrictions imposed by the
28 state or federal government and local governing bodies, including, but not
29 limited to, restrictions on property rented or leased to low income
30 individuals and families as authorized by section 42 of the federal internal
31 revenue code of 1986, as amended;
- 32 (g) earning capacity as indicated by lease price, by capitalization of
33 net income or by absorption or sell-out period;
- 34 (h) rental or reasonable rental values or rental values restricted by the
35 state or federal government or local governing bodies, including, but not

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

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

6 (j) restrictions or requirements imposed upon the use of real estate by
7 the state or federal government or local governing bodies, including
8 zoning and planning boards or commissions, and including, but not limited to,
9 restrictions or requirements imposed upon the use of real estate rented
10 or leased to low income individuals and families, as authorized by section
11 42 of the federal internal revenue code of 1986, as amended; and

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

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

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

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

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

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