

HOUSE BILL No. 2394

By Committee on Taxation

Requested by Representative A. Smith

2-27

1 AN ACT concerning property taxation; relating to valuation of residential
2 real property, real property used for commercial and industrial purposes
3 and mobile homes used for residential purposes; establishing the tax
4 use value; amending K.S.A. 79-1439 and repealing the existing section.
5

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

7 New Section 1. Real property used for residential purposes, including
8 multi-family residential real property, and real property necessary to
9 accommodate a residential community of mobile or manufactured homes,
10 including the real property upon which such homes are located, separated
11 into each segregated residential portion, mobile homes used for residential
12 purposes and real property used for commercial and industrial purposes
13 and buildings and other improvements located upon land devoted to
14 agricultural use shall be valued at its fair market value pursuant to K.S.A.
15 79-501, and amendments thereto, in order to determine the tax use value of
16 such property. The county clerk of such county where the property resides
17 shall determine the tax use value to be used pursuant to K.S.A. 79-1439,
18 and amendments thereto, for such properties. The tax use value shall
19 consist of the lower amount of either the:

20 (a) Fair market value; or

21 (b) an average of fair market values as determined as follows:

22 (1) (A) For tax year 2026, the tax use value of all property shall be its
23 fair market value for the tax year.

24 (B) For applicable property subject to the provision of this section,
25 any new structures or improvements or the remodeling or renovation of
26 any existing structures or improvements on real property, excluding any
27 ordinary maintenance or repair of any existing structures or improvements
28 on the property that increase the appraised value by 50% or more
29 compared to the prior year's appraised value, shall also be valued at fair
30 market value for the tax year in which such construction, improvements,
31 remodeling, renovation or improvements occur as its tax use value;

32 (2) for the year following the first year in which paragraph (1)
33 applies, the property's average of fair market values shall be an average of
34 the current tax year fair market value and the prior tax year's fair market
35 value;

1 (3) for the year following the year in which paragraph (2) applies, the
 2 property's average of fair market values shall be an average of the current
 3 tax year fair market value and the prior two tax years' fair market value;

4 (4) for the year following the year in which paragraph (3) applies, the
 5 property's average of fair market values shall be an average of the current
 6 tax year fair market value and the prior three tax years' fair market value;

7 (5) for the year following the year in which paragraph (4) applies, the
 8 property's average of fair market values shall be an average of the current
 9 tax year fair market value and the prior four tax years' fair market value;

10 (6) for the year following the year in which paragraph (5) applies, the
 11 property's average of fair market values shall be an average of the current
 12 tax year fair market value and the prior five tax years' fair market value;
 13 and

14 (7) for the year following the year in which paragraph (6) applies, the
 15 property's average of fair market values shall be an average of the current
 16 tax year fair market value and the prior six tax years' fair market value.

17 Sec. 2. K.S.A. 79-1439 is hereby amended to read as follows: 79-
 18 1439. (a) All real and tangible personal property ~~which~~ *that* is subject to
 19 general ad valorem taxation shall be appraised uniformly and equally as to
 20 class and, unless otherwise specified herein, shall be appraised at its fair
 21 market value, as defined in K.S.A. 79-503a, and amendments thereto.

22 (b) Property shall be classified into the following classes and assessed
 23 at the percentage of value prescribed therefor:

24 (1) Real property shall be assessed as to subclass at the following
 25 percentages of value:

26 (A) (i) Real property used for residential purposes, including multi-
 27 family residential real property; *and* real property necessary to
 28 accommodate a residential community of mobile or manufactured homes,
 29 including the real property upon which such homes are located, *shall be*
 30 *valued at the tax use value pursuant to section 1, and amendments thereto,*
 31 *and assessed at 11.5%; and*

32 (ii) residential real property used partially for day care home purposes
 33 if such home has been registered or licensed pursuant to K.S.A. 65-501 et
 34 seq., and amendments thereto, and real property used for bed and breakfast
 35 purposes, at 11.5%. As used in this paragraph, "bed and breakfast" means a
 36 property with five or fewer bedrooms available for overnight guests who
 37 stay for not more than 28 consecutive days for which there is compliance
 38 with all zoning or other applicable ordinances or laws ~~which pertain~~
 39 *pertaining* to facilities ~~which~~ *that* lodge and feed guests;

40 (B) land devoted to agricultural use valued pursuant to K.S.A. 79-
 41 1476, and amendments thereto, at 30%;

42 (C) vacant lots, at 12%;

43 (D) real property ~~which~~ *that* is owned and operated by a not-for-profit

1 organization not subject to federal income taxation pursuant to section 501
2 of the federal internal revenue code and included herein pursuant to K.S.A.
3 79-1439a, and amendments thereto, at 12%;

4 (E) public utility real property, except railroad property, which shall
5 be assessed at the average rate *that* all other commercial and industrial
6 ~~property is~~ *properties are* assessed, at 33%. As used in this paragraph,
7 "public utility" ~~shall have the meaning ascribed thereto by means the same~~
8 *as defined in* K.S.A. 79-5a01, and amendments thereto;

9 (F) real property used for commercial and industrial purposes and
10 buildings and other improvements located upon land devoted to
11 agricultural use, *shall be valued at the tax use value pursuant to section 1,*
12 *and amendments thereto, and assessed at 25%;* and

13 (G) all other urban and rural real property not otherwise specifically
14 subclassed, at 30%.

15 (2) Personal property shall be classified into the following classes and
16 assessed at the percentage of value prescribed therefor:

17 (A) Mobile homes used for residential purposes *shall be valued at the*
18 *tax use value pursuant to section 1, and amendments thereto, and*
19 *assessed at 11.5%;*

20 (B) mineral leasehold interests, *at 30%,* except oil leasehold interests
21 *from which* the average daily production ~~from which~~ is five barrels or less;
22 and natural gas leasehold interests; *from which* the average daily
23 production ~~from which~~ is 100 mcf or less, which shall be assessed at 25%;
24 ~~at 30%;~~

25 (C) public utility tangible personal property including inventories
26 thereof, *at 33%,* except railroad personal property, including inventories
27 thereof, which shall be assessed at the average rate *that* all other
28 commercial and industrial property is assessed, ~~at 33%.~~ As used in this
29 paragraph, "public utility" ~~shall have the meaning ascribed thereto by~~
30 *means the same as defined in* K.S.A. 79-5a01, and amendments thereto;

31 (D) all categories of motor vehicles listed and taxed pursuant to
32 K.S.A. 79-306d, and amendments thereto, and, prior to January 1, 2014,
33 over-the-road motor vehicles defined pursuant to K.S.A. 79-6a01, and
34 amendments thereto, at 30%;

35 (E) commercial and industrial machinery and equipment, including
36 rolling equipment defined pursuant to K.S.A. 79-6a01, and amendments
37 thereto, which, if its economic life is seven years or more, shall be valued
38 at its retail cost when new less seven-year straight-line depreciation, or
39 which, if its economic life is less than seven years, shall be valued at its
40 retail cost when new less straight-line depreciation over its economic life,
41 except that; the value so obtained for such property, as long as it is being
42 used, shall not be less than 20% of the retail cost when new of such
43 property *and assessed at 25%;* and

1 (F) all other tangible personal property not otherwise specifically
2 classified, at 30%.

3 Sec. 3. K.S.A. 79-1439 is hereby repealed.

4 Sec. 4. This act shall take effect and be in force from and after its
5 publication in the statute book.