

**SENATE BILL No. 353**

By Committee on Assessment and Taxation

2-7

1 AN ACT concerning property taxation; relating to state valuation and  
2 assessment of complex industrial property; duties of the director of  
3 property valuation; qualified appraiser; abatement of portion of taxes in  
4 certain circumstances; no-fund warrants.

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

7 Section 1. As used in sections 1 through 7, and amendments thereto:

8 (a) "Complex industrial property" means tangible property used in a  
9 business of:

- 10 (1) Petroleum refining;
- 11 (2) paving and roofing materials manufacturing;
- 12 (3) natural gas processing;
- 13 (4) natural gas liquids processing;
- 14 (5) helium gas processing;
- 15 (6) fertilizer products manufacturing;
- 16 (7) ethanol production; and
- 17 (8) cement manufacturing; and

18 (b) "fair market value" means the amount in terms of money that a  
19 well-informed buyer is justified in paying and a well-informed seller is  
20 justified in accepting for property in an open and competitive market,  
21 assuming that the parties are acting without undue compulsion. For the  
22 purposes of this definition, it shall be assumed that consummation of a sale  
23 occurs as of January 1.

24 In order to determine the fair market value of the complex industrial  
25 property, where applicable, the director shall assess whether improvements  
26 constitute real or personal property for taxation purposes. In order to make  
27 such determination, the director shall consider the following factors:

- 28 (1) Annexation to the realty;
- 29 (2) adaptation to the use or purpose of that part of the realty to which  
30 it is connected; and
- 31 (3) the intention of the party making the annexation to make the item  
32 a permanent annexation to the real property.

33 Sec. 2. Every taxpayer with complex industrial property which is  
34 located in this state, through such owner, officer or agent having control of  
35 its affairs, before March 15 each year, shall make a return in writing to the  
36 director of property valuation on forms prescribed by the director showing

1 all the information that the director shall require and deem necessary for  
2 the valuation, classification and assessment of such property. If any  
3 taxpayer shall fail to provide the information as required, the director of  
4 property valuation shall advise the attorney general of such noncompliance  
5 and the attorney general shall proceed against such taxpayer to enforce  
6 compliance.

7 Sec. 3. The director of property valuation shall seasonably value,  
8 classify and assess complex industrial property, both real and personal,  
9 identified on an appraisal cycle to enable all such property to be valued at  
10 fair market value on or before January 1, 2018. Thereafter, the director  
11 shall annually determine the fair market value of the property and shall  
12 keep a complete record of how such valuations were determined. The  
13 director is authorized to make any investigations and findings to properly  
14 arrive at the fair market value of the property of each of the commercial  
15 properties to be appraised. Any taxpayer or representative shall upon  
16 request of the director furnish any records or files of such commercial  
17 property to such investigation. Any taxpayer or representative who  
18 furnishes false information shall be guilty of perjury. The director is  
19 authorized to contract with a qualified appraiser or appraisal company or  
20 companies to carry out the duties of the director to seasonably value,  
21 classify and assess complex industrial property as proscribed by this act. If  
22 the director does so contract, the director shall use the same qualified  
23 appraiser or appraisal company for the same type of property within each  
24 industrial business described in subsections (a)(1) through (7) of section 1,  
25 and amendments thereto. The director, or a qualified appraiser or appraisal  
26 company or companies with which the director has contracted pursuant to  
27 this act, when valuing, classifying and assessing complex industrial  
28 property as provided by this act, may express fair market value by  
29 estimating a reasonable market value range.

30 Sec. 4. (a) Before the valuation, classification and assessment of  
31 complex industrial property is finally determined, the director shall send  
32 each taxpayer and each county where such property is located, a statement  
33 of the valuation, classification and assessment of such property. After  
34 receipt of the statement of the valuation, classification and assessment  
35 from the director, an informal conference may be held where the county  
36 and the taxpayer may come to an agreement on classification of real and  
37 personal property and a fair market value for the property that is within the  
38 market value range determined by the director. The county shall submit to  
39 the director a stipulation reflecting such classification and specific fair  
40 market value. Upon receipt of such stipulation, the director shall make a  
41 determination of classification and valuation of the property with  
42 consideration of such stipulation. The director shall send to each taxpayer  
43 and each county where such property is located a statement of such

1 determination. The determination contained in such statement shall not  
2 require an adjudicative proceeding under the Kansas administrative  
3 procedure act. The statement shall inform the taxpayer of the right to an  
4 informal conference as provided in this section. The failure to request an  
5 informal conference shall not preclude any appeal under K.S.A. 74-2438,  
6 and amendments thereto. If the taxpayer has any objection to the statement  
7 as issued, the taxpayer shall, within 15 days of the date of mailing of such  
8 statement, notify the director in writing of such objection. Within 30 days  
9 of the date of receipt by the director of such written objection, the director  
10 shall hold an informal conference with the taxpayer and shall issue a  
11 written finding, ruling, order, decision or other final action that shall  
12 become effective for purposes of the appeal as provided by K.S.A. 74-  
13 2438, and amendments thereto, three days following the mailing of a copy  
14 thereof to the taxpayer. Informal conferences held pursuant to this section  
15 may be conducted by the director or the director's designee. The rules of  
16 evidence shall not apply to an informal conference and no record shall be  
17 made, except at the request and expense of the director or the complex  
18 industrial property owner.

19 (b) At any time before October 1 of each year, the director may  
20 correct any valuation that will make it more just and equal.

21 Sec. 5. The assessed values of complex industrial property shall be  
22 certified to the county clerk of each county wherein the property is located,  
23 on or before June 15 of each year. The county clerk shall include such  
24 assessed values in the applicable taxing districts with all other assessed  
25 valuation in those taxing districts and on or before July 1 notify the  
26 appropriate officials of each taxing district with the county of the assessed  
27 valuation estimates to be utilized in the preparation of budgets for ad  
28 valorem tax purposes. If in any year the county clerk has not received the  
29 applicable valuation from the director, the county clerk shall use the  
30 applicable assessed valuation of the preceding year as an estimate for such  
31 notification.

32 Sec. 6. The board of county commissioners of any county wherein  
33 complex industrial property is located may abate a portion of the taxes  
34 levied upon a finding that such abatement encourages and sustains  
35 industrial development and fosters employment within the county. When,  
36 as the result of an abatement, tax revenues are insufficient to finance the  
37 adopted budget of any taxing district in the county, the governing body  
38 may make application to the court of tax appeals for authority to issue  
39 warrants to pay for such budget shortfalls, as provided by K.S.A. 79-2938,  
40 and amendments thereto.

41 Sec. 7. The secretary of revenue is hereby authorized and empowered  
42 to promulgate all necessary rules and regulations deemed necessary to  
43 enforce the provisions of this act.

1       Sec. 8. This act shall take effect and be in force from and after its  
2       publication in the statute book.