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Session of 2016

HOUSE BILL No. 2714

By Committee on Taxation

3-2

Balloon Amendment HB 2714
House Committee on Taxation
3rd party appraisal
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Office of Revisor of Statutes

1 AN ACT concerning property taxation; relating to valuation, appeals,
2 procedure; state of board of tax appeals, filing fees, procedure, appeals
3 to district court; amending K.S.A. 79-309, 79-501, 79-504, 79-1412a
4 and 79-1456 and K.S.A. 2015 Supp. 74-2426, 74-2433, 74-2438, 74-
5 2438a, 77-618, 79-425a, 79-503a, 79-1448, 79-1476 and 79-2005 and
6 repealing the existing sections.
7

79-1460,

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

9 New Section 1. (a) Notwithstanding any other provisions of law to
10 the contrary and except as otherwise provided by subsection (b), the
11 valuation established for property for utilization as the basis for ad
12 valorem taxation in the first year of a biennium, the first of which shall
13 commence on January 1, 2017, shall be utilized for ad valorem taxation
14 purposes for each year during the applicable biennium.

15 (b) (1) For any improvement to existing property or any other
16 property for which a valuation has not been established for utilization as
17 the basis for ad valorem taxation as of the first year of a biennium, there
18 shall be established a valuation or increased valuation for such property,
19 which shall be utilized for ad valorem taxation purposes for the year of
20 valuation and the remaining portion of the applicable biennium.

21 (2) In the event a valuation of property is reduced pursuant to law
22 during a biennium, such reduced valuation shall be utilized for ad valorem
23 taxation purposes for the year in which such valuation is reduced and the
24 remaining portion of the applicable biennium.

25 (c) The provisions of this section shall not be construed to conflict
26 with any other provision of law relating to the appraisal of property for
27 taxation purposes or the appeals process associated therewith.

28 (d) The provisions of this section shall be applicable to all taxable
29 years commencing after December 31, 2016.

30 Sec. 2. K.S.A. 2015 Supp. 74-2426 is hereby amended to read as
31 follows: 74-2426. (a) Orders of the state board of tax appeals on any
32 appeal, in any proceeding under the tax protest, tax grievance or tax
33 exemption statutes or in any other original proceeding before the board
34 shall be rendered and served in accordance with the provisions of the
35 Kansas administrative procedure act. Notwithstanding the provisions of
36 ~~subsection (g) of K.S.A. 77-526(g),~~ and amendments thereto, a written

lieu of appealing to a hearing officer or panel appointed pursuant to K.S.A. 79-1611, and amendments thereto, any taxpayer aggrieved by the final determination of the county appraiser, except with regard to land devoted to agricultural use, wherein the value of the property, is less than \$3,000,000, as reflected on the valuation notice, or the property constitutes single family residential property, may appeal to the small claims and expedited hearings division of the state board of tax appeals within the time period prescribed by K.S.A. 79-1606, and amendments thereto. Any taxpayer who is aggrieved by the final determination of a hearing officer or panel may appeal to the state board of tax appeals as provided in K.S.A. 79-1609, and amendments thereto. An informal meeting with the county appraiser or the appraiser's designee shall be a condition precedent to an appeal to the county or district hearing panel.

Sec. 14. K.S.A. 79-1456 is hereby amended to read as follows: 79-1456. (a) The county appraiser shall follow the policies, procedures and guidelines of the director of property valuation in the performance of the duties of the office of county appraiser. *If the director has developed and adopted methodologies to value specific types of property, the county appraiser shall be required to follow such methodologies.*

(b) The county appraiser in establishing values for various types of personal property, shall conform to the values for such property as shown in the personal property appraisal guides prescribed or furnished by the director of property valuation. The county appraiser may deviate from the values shown in such guides on an individual piece of property for just cause shown and in a manner consistent with achieving fair market value.

Sec. 15. K.S.A. 2015 Supp. 79-1476 is hereby amended to read as follows: 79-1476. The director of property valuation is hereby directed and empowered to administer and supervise a statewide program of reappraisal of all real property located within the state. Except as otherwise authorized by K.S.A. 19-428, and amendments thereto, each county shall comprise a separate appraisal district under such program, and the county appraiser shall have the duty of reappraising all of the real property in the county pursuant to guidelines and timetables prescribed by the director of property valuation and of updating the same on an annual basis. In the case of multi-county appraisal districts, the district appraiser shall have the duty of reappraising all of the real property in each of the counties comprising the district pursuant to such guidelines and timetables and of updating the same on an annual basis. Commencing in 2000, every parcel of real property shall be actually viewed and inspected by the county or district appraiser once every six years. Any county or district appraiser shall be deemed to be in compliance with the foregoing requirement in any year if 17% or more of the parcels in such county or district are actually viewed and inspected.

Sec. 15. K.S.A. Supp. 2015 79-1460 is hereby amended to read as follows: 79-1460. (a) The county appraiser shall notify each taxpayer in the county annually on or before March 1 for real property and May 1 for personal property, by mail directed to the taxpayer's last known address, of the classification and appraised valuation of the taxpayer's property, except that, the valuation for all real property shall not be increased unless--(1) the record of the latest physical inspection was reviewed by the county or district appraiser, and documentation exists to support such increase in valuation in compliance with the directives and specifications of the director of property valuation, and such record and documentation is available to the affected taxpayer; and (2). For the next two taxable years following the taxable year that the valuation for real property has been reduced due to a final determination made pursuant to the valuation appeals process, documented substantial and compelling reasons exist ~~therefor and are provided by the county appraiser~~ such property shall be appraised through the use of a market-based appraisal from an independent third party chosen and paid for by the county. When the valuation for real property has been reduced due to a final determination made pursuant to the valuation appeals process for the prior year, and the county appraiser has already certified the appraisal rolls for the current year to the county clerk pursuant to K.S.A. 79-1466, and amendments thereto, the county appraiser may amend the appraisal rolls and certify the changes to the county clerk to implement the provisions of this subsection and reduce the valuation of the real property to the prior year's final determination, except that such changes shall not be made after October 31 of the current year. For the purposes of this section and in the case of real property, the term "taxpayer" shall be deemed to be the person in ownership of the property as indicated on the records of the office of register of deeds or county clerk and, in the case where the real property or improvement thereon is the subject of a lease agreement, such term shall also be deemed to include the lessee of such property if the lease agreement has been recorded or filed in the office of the register of deeds. Such notice shall specify separately both the previous and current appraised and assessed values for each property class identified on the parcel. Such notice shall also contain the uniform parcel identification number prescribed by the director of property valuation. Such notice shall also contain a statement of the taxpayer's right to appeal, the procedure to be followed in making such appeal and the availability without charge of the guide devised pursuant to subsection (b). Such notice may, and if the board of county commissioners so require, shall provide the parcel identification number, address and the sale date and amount of any or all sales utilized in the determination of appraised value of residential real property. In any year in which no change in appraised valuation of any real property from its appraised valuation in the next preceding year is determined, an alternative form of notification which has been approved by the director of property valuation may be utilized by a county. Failure to timely mail or receive such notice shall in no way invalidate the classification or appraised valuation as changed. The secretary of revenue shall adopt rules and regulations necessary to implement the provisions of this section.

Compilation of data for the initial preparation or updating of inventories for each parcel of real property and entry thereof into the state computer system as provided for in K.S.A. 79-1477, and amendments thereto, shall be completed not later than January 1, 1989. Whenever the director determines that reappraisal of all real property within a county is complete, notification thereof shall be given to the governor and to the state board of tax appeals.

Valuations shall be established for each parcel of real property at its fair market value in money in accordance with the provisions of K.S.A. 79-503a, and amendments thereto.

In addition thereto valuations shall be established for each parcel of land devoted to agricultural use upon the basis of the agricultural income or productivity attributable to the inherent capabilities of such land in its current usage under a degree of management reflecting median production levels in the manner hereinafter provided. A classification system for all land devoted to agricultural use shall be adopted by the director of property valuation using criteria established by the United States department of agriculture soil conservation service. For all taxable years commencing after December 31, 1989, all land devoted to agricultural use which is subject to the federal conservation reserve program shall be classified as cultivated dry land for the purpose of valuation for property tax purposes pursuant to this section. For all taxable years commencing after December 31, 1999, all land devoted to agricultural use which is subject to the federal wetlands reserve program shall be classified as native grassland for the purpose of valuation for property tax purposes pursuant to this section. Productivity of land devoted to agricultural use shall be determined for all land classes within each county or homogeneous region based on an average of the eight calendar years immediately preceding the calendar year which immediately precedes the year of valuation, at a degree of management reflecting median production levels. The director of property valuation shall determine median production levels based on information available from state and federal crop and livestock reporting services, the soil conservation service, and any other sources of data that the director considers appropriate.

The share of net income from land in the various land classes within each county or homogeneous region which is normally received by the landlord shall be used as the basis for determining agricultural income for all land devoted to agricultural use except pasture or rangeland. The net income normally received by the landlord from such land shall be determined by deducting expenses normally incurred by the landlord from the share of the gross income normally received by the landlord. The net rental income normally received by the landlord from pasture or rangeland within each county or homogeneous region shall be used as the basis for

(b) For all taxable years commencing after December 31, 1999, there shall be provided to each taxpayer, upon request, a guide to the property tax appeals process. The director of the division of property valuation shall devise and publish such guide, and shall provide sufficient copies thereof to all county appraisers. Such guide shall include but not be limited to: (1) A restatement of the law which pertains to the process and practice of property appraisal methodology, including the contents of K.S.A. 79-503a and 79-1460, and amendments thereto; (2) the procedures of the appeals process, including the order and burden of proof of each party and time frames required by law; and (3) such other information deemed necessary to educate and enable a taxpayer to properly and competently pursue an appraisal appeal.

(c) For purposes of this section:

(1) The term "substantial and compelling reasons" means a change in the character of the use of the property or a substantial addition or improvement to the property;

(2) the term "substantial addition or improvement to the property" means the construction of any new structures or improvements on the property or the renovation of any existing structures or improvements on the property. The term "substantial addition or improvement to the property" shall not include:

(A) Any maintenance or repair of any existing structures, equipment or improvements on the property; or

(B) reconstruction or replacement of any existing equipment or components of any existing structures or improvements on the property.

Redesignate sections accordingly.

1 425a, 79-503a, 79-1448, 79-1476 and 79-2005 are hereby repealed.
2 Sec. 18. This act shall take effect and be in force from and after its
3 publication in the statute book.

79-1460,