

March 3, 2021

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Waymaster:

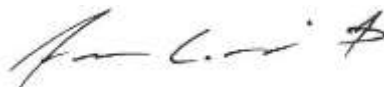
SUBJECT: Fiscal Note for HB 2402 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2402 is respectfully submitted to your committee.

HB 2402 would not allow a hypothetical leased fee to be used in the determination of fair market value of any property for property tax purposes. The definition of fair market value would not apply to land devoted to agricultural use.

The Department of Revenue and Board of Tax Appeals indicate HB 2402 would have no fiscal effect on state revenues or expenditures. The Kansas Association of Counties indicates that the bill would eliminate the use of the hypothetical lease fee or “dark store theory” as a basis for determining fair market value. Elimination of the “dark store theory” has the potential to balance valuations across commercial properties by not artificially lowering the value of certain property. The Association indicates that this bill could eliminate certain valuation appeals that are based solely on this theory, which could reduce the amount of county government resources dedicated to the property tax appeal process.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Jay Hall, Association of Counties
Craig Neuenswander, Education
Lynn Robinson, Department of Revenue
Jody Allen, Tax Appeals
Wendi Stark, League of Municipalities