

HOUSE BILL No. 2003

By Representatives Proctor, Buehler, Butler, Collins, Ellis, Johnson, Neelly, Turk
and Underhill

6-18

1 AN ACT concerning taxation; relating to income tax; establishing the
2 veterans' valor property tax relief act and providing for an income tax
3 credit or refund for eligible individuals; modifying the definition of
4 household income and increasing the appraised value threshold for
5 eligibility of seniors and disabled veterans related to increased property
6 tax claims and citing the section as the homeowners' property tax freeze
7 program; relating to property tax; providing exemptions for certain
8 personal property including watercraft, marine equipment, off-road
9 vehicles, motorized bicycles and certain trailers; excluding internal
10 revenue code section 1031 exchange transactions as indicators of fair
11 market value; providing for certain exclusions from the prohibition of
12 paying taxes under protest after a valuation notice appeal; providing
13 four prior years' values on the annual valuation notice; amending
14 K.S.A. 79-213, 79-503a and 79-5501 and K.S.A. 2023 Supp. 79-1460,
15 79-2005 and 79-4508a and repealing the existing sections.

16

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

18 New Section 1. (a) This act shall be known and may be cited as the
19 veterans' valor property tax relief act.

20 (b) There shall be allowed as a credit against the tax liability of a
21 taxpayer imposed under the Kansas income tax act for tax year 2024, and
22 all tax years thereafter, in an amount equal to 75% of the amount of
23 property and ad valorem taxes actually and timely paid by a taxpayer who
24 has been deemed to be totally disabled, permanently and totally disabled,
25 or unemployable pursuant to 38 C.F.R. § 3.340 if such taxes were paid
26 upon real or personal property used for residential purposes of such
27 taxpayer that is the taxpayer's principal place of residence for the tax year
28 in which the tax credit is claimed.

29 (c) The amount of any such credit for any such taxpayer shall not
30 exceed the amount of property and ad valorem taxes paid by such taxpayer
31 as specified in this section. A taxpayer shall not take the credit pursuant to
32 this section if such taxpayer has received a homestead property tax refund
33 pursuant to K.S.A. 79-4501 et seq., and amendments thereto, or a credit
34 pursuant to the selective assistance for effective senior relief pursuant to
35 K.S.A. 79-32,263, and amendments thereto, for such property for such tax

1 year.

2 (d) Subject to the provisions of this section, if the amount of such tax
3 credit exceeds the taxpayer's income tax liability for the taxable year, the
4 amount of such excess credit that exceeds such tax liability shall be
5 refunded to the taxpayer.

6 (e) The secretary of revenue shall adopt rules and regulations
7 regarding the filing of documents that support the amount of the credit
8 claimed pursuant to this section.

9 (f) The provisions of this act shall be a part of and supplemental to
10 the homestead property tax refund act, except that the income or appraised
11 valuation limits set forth in the homestead property tax refund act shall not
12 apply to this section.

13 New Sec. 2. (a) The following described property, to the extent herein
14 specified, is hereby exempt from all property or ad valorem taxes levied
15 under the laws of the state of Kansas:

16 (1) Any off-road vehicle that is not operated upon any highway;

17 (2) any motorized bicycle, electric-assisted bicycle, electric-assisted
18 scooter, electric personal assistive mobility device and motorized
19 wheelchair as such terms are defined in K.S.A. 8-126, and amendments
20 thereto;

21 (3) any trailer having a gross weight of 15,000 pounds or less that is
22 used exclusively for personal use and not for the production of income;
23 and

24 (4) any marine equipment.

25 (b) For purposes of this section:

26 (1) "Marine equipment" means any watercraft trailer designed to
27 launch, retrieve, transport and store watercraft and any watercraft motor
28 designed to operate watercraft on the water;

29 (2) "off-road motorcycle" means any motorcycle as defined in K.S.A.
30 8-126, and amendments thereto, that has been manufactured for off-road
31 use only and is used exclusively off roads and highways; and

32 (3) "off-road vehicle" means:

33 (A) Any all-terrain vehicle, recreational off-highway vehicle and golf
34 cart as such terms are defined in K.S.A. 8-126, and amendments thereto;
35 and

36 (B) any off-road motorcycle and snowmobile.

37 (c) The provisions of this section shall apply to all taxable years
38 commencing after December 31, 2024.

39 Sec. 3. K.S.A. 79-213 is hereby amended to read as follows: 79-213.

40 (a) Any property owner requesting an exemption from the payment of ad
41 valorem property taxes assessed, or to be assessed, against their property
42 shall be required to file an initial request for exemption, on forms
43 approved by the state board of tax appeals and provided by the county

1 appraiser.

2 (b) The initial exemption request shall identify the property for which
3 the exemption is requested and state, in detail, the legal and factual basis
4 for the exemption claimed.

5 (c) The request for exemption shall be filed with the county appraiser
6 of the county where such property is principally located.

7 (d) After a review of the exemption request, and after a preliminary
8 examination of the facts as alleged, the county appraiser shall recommend
9 that the exemption request either be granted or denied, and, if necessary,
10 that a hearing be held. If a denial is recommended, a statement of the
11 controlling facts and law relied upon shall be included on the form.

12 (e) The county appraiser, after making such written recommendation,
13 shall file the request for exemption and the recommendations of the county
14 appraiser with the state board of tax appeals. With regard to a request for
15 exemption from property tax pursuant to the provisions of K.S.A. 79-201g
16 and 82a-409, and amendments thereto, not filed with the board of tax
17 appeals by the county appraiser on or before the effective date of this act,
18 if the county appraiser recommends the exemption request be granted, the
19 exemption shall be provided in the amount recommended by the county
20 appraiser and the county appraiser shall not file the request for exemption
21 and recommendations of the county appraiser with the state board of tax
22 appeals. The county clerk or county assessor shall annually make such
23 adjustment in the taxes levied against the real property as the owner may
24 be entitled to receive under the provisions of K.S.A. 79-201g, and
25 amendments thereto, as recommended by the county appraiser, beginning
26 with the first period, following the date of issue of the certificate of
27 completion on which taxes are regularly levied, and during the years
28 which the landowner is entitled to such adjustment.

29 (f) Upon receipt of the request for exemption, the board shall docket
30 the same and notify the applicant and the county appraiser of such fact.

31 (g) After examination of the request for exemption and the county
32 appraiser's recommendation related thereto, the board may fix a time and
33 place for hearing, and shall notify the applicant and the county appraiser of
34 the time and place so fixed. A request for exemption pursuant to: (1)
35 Section 13 of article 11 of the constitution of the state of Kansas; or (2)
36 K.S.A. 79-201a *Second*, and amendments thereto, for property constructed
37 or purchased, in whole or in part, with the proceeds of revenue bonds
38 under the authority of K.S.A. 12-1740 through 12-1749, and amendments
39 thereto, prepared in accordance with instructions and assistance which
40 shall be provided by the department of commerce, shall be deemed
41 approved unless scheduled for hearing within 30 days after the date of
42 receipt of all required information and data relating to the request for
43 exemption, and such hearing shall be conducted within 90 days after such

1 date. Such time periods shall be determined without regard to any
2 extension or continuance allowed to either party to such request. In any
3 case where a party to such request for exemption requests a hearing
4 thereon, the same shall be granted. Hearings shall be conducted in
5 accordance with the provisions of the Kansas administrative procedure act.
6 In all instances where the board sets a request for exemption for hearing,
7 the county shall be represented by its county attorney or county counselor.

8 (h) Except as otherwise provided by subsection (g), in the event of a
9 hearing, the same shall be originally set not later than 90 days after the
10 filing of the request for exemption with the board.

11 (i) During the pendency of a request for exemption, no person, firm,
12 unincorporated association, company or corporation charged with real
13 estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-
14 2004a, and amendments thereto, on the tax books in the hands of the
15 county treasurer shall be required to pay the tax from the date the request
16 is filed with the county appraiser until the expiration of 30 days after the
17 board issued its order thereon and the same becomes a final order. In the
18 event that taxes have been assessed against the subject property, no interest
19 shall accrue on any unpaid tax for the year or years in question nor shall
20 the unpaid tax be considered delinquent from the date the request is filed
21 with the county appraiser until the expiration of 30 days after the board
22 issued its order thereon. In the event the board determines an application
23 for exemption is without merit and filed in bad faith to delay the due date
24 of the tax, the tax shall be considered delinquent as of the date the tax
25 would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and
26 amendments thereto, and interest shall accrue as prescribed therein.

27 (j) In the event the board grants the initial request for exemption, the
28 same shall be effective beginning with the date of first exempt use except
29 that, with respect to property the construction of which commenced not to
30 exceed 24 months prior to the date of first exempt use, the same shall be
31 effective beginning with the date of commencement of construction.

32 (k) In conjunction with its authority to grant exemptions, the board
33 shall have the authority to abate all unpaid taxes that have accrued from
34 and since the effective date of the exemption. In the event that taxes have
35 been paid during the period where the subject property has been
36 determined to be exempt, the board shall have the authority to order a
37 refund of taxes for the year immediately preceding the year in which the
38 exemption application is filed in accordance with subsection (a).

39 (l) The provisions of this section shall not apply to: (1) Farm
40 machinery and equipment exempted from ad valorem taxation by K.S.A.
41 79-201j, and amendments thereto; (2) personal property exempted from ad
42 valorem taxation by K.S.A. 79-215, and amendments thereto; (3) wearing
43 apparel, household goods and personal effects exempted from ad valorem

1 taxation by K.S.A. 79-201c, and amendments thereto; (4) livestock; (5) all
2 property exempted from ad valorem taxation by K.S.A. 79-201d, and
3 amendments thereto; (6) merchants' and manufacturers' inventories
4 exempted from ad valorem taxation by K.S.A. 79-201m, and amendments
5 thereto; (7) grain exempted from ad valorem taxation by K.S.A. 79-201n,
6 and amendments thereto; (8) property exempted from ad valorem taxation
7 by K.S.A. 79-201a *Seventeenth*, and amendments thereto, including all
8 property previously acquired by the secretary of transportation or a
9 predecessor in interest, which is used in the administration, construction,
10 maintenance or operation of the state system of highways. The secretary of
11 transportation shall at the time of acquisition of property notify the county
12 appraiser in the county in which the property is located that the acquisition
13 occurred and provide a legal description of the property acquired; (9)
14 property exempted from ad valorem taxation by K.S.A. 79-201a *Ninth*,
15 and amendments thereto, including all property previously acquired by the
16 Kansas turnpike authority which is used in the administration,
17 construction, maintenance or operation of the Kansas turnpike. The Kansas
18 turnpike authority shall at the time of acquisition of property notify the
19 county appraiser in the county in which the property is located that the
20 acquisition occurred and provide a legal description of the property
21 acquired; (10) aquaculture machinery and equipment exempted from ad
22 valorem taxation by K.S.A. 79-201j, and amendments thereto. As used in
23 this section, "aquaculture" has the same meaning ascribed thereto by
24 K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery
25 and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and
26 amendments thereto; (12) property used exclusively by the state or any
27 municipality or political subdivision of the state for right-of-way purposes.
28 The state agency or the governing body of the municipality or political
29 subdivision shall at the time of acquisition of property for right-of-way
30 purposes notify the county appraiser in the county in which the property is
31 located that the acquisition occurred and provide a legal description of the
32 property acquired; (13) machinery, equipment, materials and supplies
33 exempted from ad valorem taxation by K.S.A. 79-201w, and amendments
34 thereto; (14) vehicles owned by the state or by any political or taxing
35 subdivision thereof and used exclusively for governmental purposes; (15)
36 property used for residential purposes which is exempted pursuant to
37 K.S.A. 79-201x, and amendments thereto, from the property tax levied
38 pursuant to K.S.A. 72-5142, and amendments thereto; (16) from and after
39 July 1, 1998, vehicles which are owned by an organization having as one
40 of its purposes the assistance by the provision of transit services to the
41 elderly and to disabled persons and which are exempted pursuant to
42 K.S.A. 79-201 *Ninth*, and amendments thereto; (17) from and after July 1,
43 1998, motor vehicles exempted from taxation by K.S.A. 79-5107(e), and

1 amendments thereto; (18) commercial and industrial machinery and
2 equipment exempted from property or ad valorem taxation by K.S.A. 79-
3 223, and amendments thereto; (19) telecommunications machinery and
4 equipment and railroad machinery and equipment exempted from property
5 or ad valorem taxation by K.S.A. 79-224, and amendments thereto; (20)
6 property exempted from property or ad valorem taxation by K.S.A. 79-
7 234, and amendments thereto; (21) recreational vehicles exempted from
8 property or ad valorem taxation by K.S.A. 79-5121(e), and amendments
9 thereto; (22) property acquired by a land bank exempt from property or ad
10 valorem taxation pursuant to K.S.A. 12-5909 or K.S.A. 19-26,111, and
11 amendments thereto; ~~and~~ (23) property belonging exclusively to the
12 United States and exempted from ad valorem taxation by K.S.A. 79-201a
13 *First*, and amendments thereto, except that the provisions of this
14 subsection (1)(23) shall not apply to any such property that the congress of
15 the United States has expressly declared to be subject to state and local
16 taxation; (24) *watercraft exempted from property or ad valorem taxation*
17 *by K.S.A. 79-5501, and amendments thereto; and (25) property exempted*
18 *from property or ad valorem taxation by section 2, and amendments*
19 *thereto.*

20 (m) The provisions of this section shall apply to property exempt
21 pursuant to the provisions of section 13 of article 11 of the constitution of
22 the state of Kansas.

23 (n) The provisions of subsection (k) as amended by this act shall be
24 applicable to all exemption applications filed in accordance with
25 subsection (a) after December 31, 2001.

26 (o) No exemption authorized by K.S.A. 79-227, and amendments
27 thereto, of property from the payment of ad valorem property taxes
28 assessed shall be granted unless the requesting property owner files an
29 initial request for exemption pursuant to this section within two years of
30 the date in which construction of a new qualifying pipeline property
31 began. The provisions of this subsection shall be applicable to all requests
32 for exemptions filed in accordance with subsection (a) after June 30, 2017.

33 Sec. 4. K.S.A. 79-503a is hereby amended to read as follows: 79-
34 503a. "Fair market value" means the amount in terms of money that a well
35 informed buyer is justified in paying and a well informed seller is justified
36 in accepting for property in an open and competitive market, assuming that
37 the parties are acting without undue compulsion. In the determination of
38 fair market value of any real property which is subject to any special
39 assessment, such value shall not be determined by adding the present value
40 of the special assessment to the sales price. For the purposes of this
41 definition it will be assumed that consummation of a sale occurs as of
42 January 1.

43 Sales in and of themselves shall not be the sole criteria of fair market

1 value but shall be used in connection with cost, income and other factors
2 including but not by way of exclusion:

- 3 (a) The proper classification of lands and improvements;
4 (b) the size thereof;
5 (c) the effect of location on value;
6 (d) depreciation, including physical deterioration or functional,
7 economic or social obsolescence;
8 (e) cost of reproduction of improvements;
9 (f) productivity taking into account all restrictions imposed by the
10 state or federal government and local governing bodies, including, but not
11 limited to, restrictions on property rented or leased to low income
12 individuals and families as authorized by section 42 of the federal internal
13 revenue code of 1986, as amended;
14 (g) earning capacity as indicated by lease price, by capitalization of
15 net income or by absorption or sell-out period;
16 (h) rental or reasonable rental values or rental values restricted by the
17 state or federal government or local governing bodies, including, but not
18 limited to, restrictions on property rented or leased to low income
19 individuals and families, as authorized by section 42 of the federal internal
20 revenue code of 1986, as amended;
21 (i) sale value on open market with due allowance to abnormal
22 inflationary factors influencing such values;
23 (j) restrictions or requirements imposed upon the use of real estate by
24 the state or federal government or local governing bodies, including
25 zoning and planning boards or commissions, and including, but not limited to,
26 restrictions or requirements imposed upon the use of real estate rented
27 or leased to low income individuals and families, as authorized by section
28 42 of the federal internal revenue code of 1986, as amended; and
29 (k) comparison with values of other property of known or recognized
30 value. The assessment-sales ratio study shall not be used as an appraisal
31 for appraisal purposes.

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

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

43 Sec. 5. K.S.A. 2023 Supp. 79-1460 is hereby amended to read as

1 follows: 79-1460. (a) The county appraiser shall notify each taxpayer in
2 the county annually on or before March 1 for real property and May 1 for
3 personal property, by mail directed to the taxpayer's last known address, of
4 the classification and appraised valuation of the taxpayer's property, except
5 that, the valuation for all real property shall not be increased unless the
6 record of the latest physical inspection was reviewed by the county or
7 district appraiser, and documentation exists to support such increase in
8 valuation in compliance with the directives and specifications of the
9 director of property valuation, and such record and documentation is
10 available to the affected taxpayer. Alternatively, the county appraiser may
11 transmit the classification and appraised valuation to the taxpayer by
12 electronic means if such taxpayer consented to service by electronic
13 means.

14 (b) The valuation for all real property also shall not be increased
15 solely as the result of normal repair, replacement or maintenance of
16 existing structures, equipment or improvements on the property. For the
17 next two taxable years following the taxable year that the valuation for
18 commercial real property has been reduced due to a final determination
19 made pursuant to the valuation appeals process, the county appraiser shall
20 review the computer-assisted mass-appraisal of the property and if, the
21 valuation in either of those two years exceeds the value of the previous
22 year by more than 5%, excluding new construction, change in use or
23 change in classification, the county appraiser shall either:

24 (1) Adjust the valuation of the property based on the information
25 provided in the previous appeal; or

26 (2) order an independent fee simple appraisal of the property to be
27 performed by a Kansas certified real property appraiser.

28 (c) When the valuation for real property has been reduced due to a
29 final determination made pursuant to the valuation appeals process for the
30 prior year, and the county appraiser has already certified the appraisal rolls
31 for the current year to the county clerk pursuant to K.S.A. 79-1466, and
32 amendments thereto, the county appraiser may amend the appraisal rolls
33 and certify the changes to the county clerk to implement the provisions of
34 this subsection and reduce the valuation of the real property to the prior
35 year's final determination, except that such changes shall not be made after
36 October 31 of the current year.

37 (d) (1) The notice provided under subsection (a) shall specify:

38 (A) Separately for the previous tax year and the current tax year, the
39 appraised and assessed values for each property class identified on the
40 parcel;

41 (B) the uniform parcel identification number prescribed by the
42 director of property valuation; ~~and~~

43 (C) a statement of the taxpayer's right to appeal, the procedure to be

1 followed in making such appeal and the availability without charge of the
2 guide devised pursuant to subsection (g); *and*

3 *(D) a valuation history of the parcel that includes, at a minimum, a*
4 *statement or display of the total appraised values of the parcel for the*
5 *current tax year and the previous four tax years.*

6 (2) Such notice may, and if the board of county commissioners so
7 require, shall provide the parcel identification number, address and the sale
8 date and amount of any or all sales utilized in the determination of
9 appraised value of residential real property.

10 (e) In any year in which no change in appraised valuation of any real
11 property from its appraised valuation in the next preceding year is
12 determined, an alternative form of notification which has been approved
13 by the director of property valuation may be utilized by a county.

14 (f) Failure to timely mail or receive such notice shall in no way
15 invalidate the classification or appraised valuation as changed. The
16 secretary of revenue shall adopt rules and regulations necessary to
17 implement the provisions of this section.

18 (g) There shall be provided to each taxpayer, upon request, a guide to
19 the property tax appeals process. The director of the division of property
20 valuation shall devise and publish such guide and shall provide sufficient
21 copies thereof to all county appraisers. Such guide shall include, but not be
22 limited to:

23 (1) A restatement of the law which pertains to the process and
24 practice of property appraisal methodology, including the contents of
25 K.S.A. 79-503a and 79-1460, and amendments thereto;

26 (2) the procedures of the appeals process, including the order and
27 burden of proof of each party and time frames required by law; and

28 (3) such other information deemed necessary to educate and enable a
29 taxpayer to properly and competently pursue an appraisal appeal.

30 (h) As used in this section:

31 (1) "New construction" means the construction of any new structure
32 or improvements or the remodeling or renovation of any existing
33 structures or improvements on real property.

34 (2) "Normal repair, replacement or maintenance" does not include
35 new construction.

36 (3) "Taxpayer" means the person in ownership of the property as
37 indicated on the records of the office of register of deeds or county clerk
38 and includes the lessee of such property if the lease agreement has been
39 recorded or filed in the office of the register of deeds and the real property
40 or improvement thereon is subject of a lease agreement.

41 Sec. 6. K.S.A. 2023 Supp. 79-2005 is hereby amended to read as
42 follows: 79-2005. (a) Any taxpayer, before protesting the payment of such
43 taxpayer's taxes, shall be required, either at the time of paying such taxes,

1 or, if the whole or part of the taxes are paid prior to December 20, no later
2 than December 20, or, with respect to taxes paid in whole or in part in an
3 amount equal to at least $\frac{1}{2}$ of such taxes on or before December 20 by an
4 escrow or tax service agent, no later than January 31 of the next year, to
5 file a written statement with the county treasurer, on forms approved by
6 the state board of tax appeals and provided by the county treasurer, clearly
7 stating the grounds on which the whole or any part of such taxes are
8 protested and citing any law, statute or facts on which such taxpayer relies
9 in protesting the whole or any part of such taxes. When the grounds of
10 such protest is an assessment of taxes made pursuant to K.S.A. 79-332a
11 and 79-1427a, and amendments thereto, the county treasurer may not
12 distribute the taxes paid under protest until such time as the appeal is final.
13 When the grounds of such protest is that the valuation or assessment of the
14 property upon which the taxes are levied is illegal or void, the county
15 treasurer shall forward a copy of the written statement of protest to the
16 county appraiser who shall within 15 days of the receipt thereof, schedule
17 an informal meeting with the taxpayer or such taxpayer's agent or attorney
18 with reference to the property in question. At the informal meeting, it shall
19 be the duty of the county appraiser or the county appraiser's designee to
20 initiate production of evidence to substantiate the valuation of such
21 property, including a summary of the reasons that the valuation of the
22 property has been increased over the preceding year, any assumptions used
23 by the county appraiser to determine the value of the property and a
24 description of the individual property characteristics, property specific
25 valuation records and conclusions. The taxpayer shall be provided with the
26 opportunity to review the data sheets applicable to the valuation approach
27 utilized for the subject property. The county appraiser shall take into
28 account any evidence provided by the taxpayer which relates to the
29 amount of deferred maintenance and depreciation of the property. The
30 county appraiser shall review the appraisal of the taxpayer's property with
31 the taxpayer or such taxpayer's agent or attorney and may change the
32 valuation of the taxpayer's property, if in the county appraiser's opinion a
33 change in the valuation of the taxpayer's property is required to assure that
34 the taxpayer's property is valued according to law, and shall, within 15
35 business days thereof, notify the taxpayer in the event the valuation of the
36 taxpayer's property is changed, in writing of the results of the meeting. The
37 county appraiser shall not increase the appraised valuation of the property
38 as a result of the informal meeting. In the event the valuation of the
39 taxpayer's property is changed and such change requires a refund of taxes
40 and interest thereon, the county treasurer shall process the refund in the
41 manner provided by subsection (1).

42 (b) No protest appealing the valuation or assessment of property shall
43 be filed pertaining to any year's valuation or assessment when an appeal of

1 such valuation or assessment was commenced pursuant to K.S.A. 79-1448,
2 and amendments thereto, nor shall the second half payment of taxes be
3 protested when the first half payment of taxes has been protested.
4 Notwithstanding the foregoing, this provision shall not prevent any
5 subsequent owner from protesting taxes levied for the year in which such
6 property was acquired, nor shall it prevent any taxpayer from protesting
7 taxes when:

8 (1) The valuation or assessment of such taxpayer's property has been
9 changed pursuant to an order of the director of property valuation;

10 (2) *the taxpayer withdrew such taxpayer's appeal commenced*
11 *pursuant to K.S.A. 79-1448, and amendments thereto; or*

12 (3) *the taxpayer wishes to present new evidence relating to the*
13 *valuation or assessment of such property.*

14 (c) A protest shall not be necessary to protect the right to a refund of
15 taxes in the event a refund is required because the final resolution of an
16 appeal commenced pursuant to K.S.A. 79-1448, and amendments thereto,
17 occurs after the final date prescribed for the protest of taxes.

18 (d) If the grounds of such protest shall be that the valuation or
19 assessment of the property upon which the taxes so protested are levied is
20 illegal or void, such statement shall further state the exact amount of
21 valuation or assessment which the taxpayer admits to be valid and the
22 exact portion of such taxes which is being protested.

23 (e) If the grounds of such protest shall be that any tax levy, or any
24 part thereof, is illegal, such statement shall further state the exact portion
25 of such tax which is being protested.

26 (f) Upon the filing of a written statement of protest, the grounds of
27 which shall be that any tax levied, or any part thereof, is illegal, the county
28 treasurer shall mail a copy of such written statement of protest to the state
29 board of tax appeals and the governing body of the taxing district making
30 the levy being protested.

31 (g) Within 30 days after notification of the results of the informal
32 meeting with the county appraiser pursuant to subsection (a), the
33 protesting taxpayer may, if aggrieved by the results of the informal
34 meeting with the county appraiser, appeal such results to the state board of
35 tax appeals.

36 (h) After examination of the copy of the written statement of protest
37 and a copy of the written notification of the results of the informal meeting
38 with the county appraiser in cases where the grounds of such protest is that
39 the valuation or assessment of the property upon which the taxes are levied
40 is illegal or void, the board shall conduct a hearing in accordance with the
41 provisions of the Kansas administrative procedure act, unless waived by
42 the interested parties in writing. If the grounds of such protest is that the
43 valuation or assessment of the property is illegal or void the board shall

1 notify the county appraiser thereof.

2 (i) In the event of a hearing, the same shall be originally set not later
3 than 90 days after the filing of the copy of the written statement of protest
4 and a copy, when applicable, of the written notification of the results of the
5 informal meeting with the county appraiser with the board. With regard to
6 any matter properly submitted to the board relating to the determination of
7 valuation of residential property or real property used for commercial and
8 industrial purposes for taxation purposes, it shall be the duty of the county
9 appraiser to initiate the production of evidence to demonstrate, by a
10 preponderance of the evidence, the validity and correctness of such
11 determination except that no such duty shall accrue to the county or
12 district appraiser with regard to leased commercial and industrial property
13 unless the property owner has furnished to the county or district appraiser
14 a complete income and expense statement for the property for the three
15 years next preceding the year of appeal. No presumption shall exist in
16 favor of the county appraiser with respect to the validity and correctness of
17 such determination. In all instances where the board sets a request for
18 hearing and requires the representation of the county by its attorney or
19 counselor at such hearing, the county shall be represented by its county
20 attorney or counselor. The board shall take into account any evidence
21 provided by the taxpayer which relates to the amount of deferred
22 maintenance and depreciation for the property. In any appeal from the
23 reclassification of property that was classified as land devoted to
24 agricultural use for the preceding year, the taxpayer's classification of the
25 property as land devoted to agricultural use shall be presumed to be valid
26 and correct if the taxpayer provides an executed lease agreement or other
27 documentation demonstrating a commitment to use the property for
28 agricultural use, if no other actual use is evident. With regard to any matter
29 properly submitted to the board relating to the determination of valuation
30 of property for taxation purposes, the board shall not increase the
31 appraised valuation of the property to an amount greater than the appraised
32 value reflected in the notification of the results of the informal meeting
33 with the county appraiser from which the taxpayer appealed.

34 (j) When a determination is made as to the merits of the tax protest,
35 the board shall render and serve its order thereon. The county treasurer
36 shall notify all affected taxing districts of the amount by which tax
37 revenues will be reduced as a result of a refund.

38 (k) If a protesting taxpayer fails to file a copy of the written statement
39 of protest and a copy, when applicable, of the written notification of the
40 results of the informal meeting with the county appraiser with the board
41 within the time limit prescribed, such protest shall become null and void
42 and of no effect whatsoever.

43 (l) (1) In the event the board orders that a refund be made pursuant to

1 this section or the provisions of K.S.A. 79-1609, and amendments thereto,
2 or a court of competent jurisdiction orders that a refund be made, and no
3 appeal is taken from such order, or in the event a change in valuation
4 which results in a refund pursuant to subsection (a), the county treasurer
5 shall, as soon thereafter as reasonably practicable, refund to the taxpayer
6 such protested taxes and, with respect to protests or appeals commenced
7 after the effective date of this act, interest computed at the rate prescribed
8 by K.S.A. 79-2968, and amendments thereto, minus two percentage points,
9 per annum from the date of payment of such taxes from tax moneys
10 collected but not distributed. Upon making such refund, the county
11 treasurer shall charge the fund or funds having received such protested
12 taxes, except that, with respect to that portion of any such refund
13 attributable to interest the county treasurer shall charge the county general
14 fund. In the event that the state board of tax appeals or a court of
15 competent jurisdiction finds that any time delay in making its decision is
16 unreasonable and is attributable to the taxpayer, it may order that no
17 interest or only a portion thereof be added to such refund of taxes.

18 (2) No interest shall be allowed pursuant to paragraph (1) in any case
19 where the tax paid under protest was inclusive of delinquent taxes.

20 (m) Whenever, by reason of the refund of taxes previously received
21 or the reduction of taxes levied but not received as a result of decreases in
22 assessed valuation, it will be impossible to pay for imperative functions for
23 the current budget year, the governing body of the taxing district affected
24 may issue no-fund warrants in the amount necessary. Such warrants shall
25 conform to the requirements prescribed by K.S.A. 79-2940, and
26 amendments thereto, except they shall not bear the notation required by
27 such section and may be issued without the approval of the state board of
28 tax appeals. The governing body of such taxing district shall make a tax
29 levy at the time fixed for the certification of tax levies to the county clerk
30 next following the issuance of such warrants sufficient to pay such
31 warrants and the interest thereon. All such tax levies shall be in addition to
32 all other levies authorized by law.

33 (n) Whenever a taxpayer appeals to the board of tax appeals pursuant
34 to the provisions of K.S.A. 79-1609, and amendments thereto, or pays
35 taxes under protest related to one property whereby the assessed valuation
36 of such property exceeds 5% of the total county assessed valuation of all
37 property located within such county and the taxpayer receives a refund of
38 such taxes paid under protest or a refund made pursuant to the provisions
39 of K.S.A. 79-1609, and amendments thereto, the county treasurer or the
40 governing body of any taxing subdivision within a county may request the
41 pooled money investment board to make a loan to such county or taxing
42 subdivision as provided in this section. The pooled money investment
43 board is authorized and directed to loan to such county or taxing

1 subdivision sufficient funds to enable the county or taxing subdivision to
2 refund such taxes to the taxpayer. The pooled money investment board is
3 authorized and directed to use any moneys in the operating accounts,
4 investment accounts or other investments of the state of Kansas to provide
5 the funds for such loan. Each loan shall bear interest at a rate equal to the
6 net earnings rate of the pooled money investment portfolio at the time of
7 the making of such loan. The total aggregate amount of loans under this
8 program shall not exceed \$50,000,000 of unencumbered funds pursuant to
9 article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments
10 thereto. Such loan shall not be deemed to be an indebtedness or debt of the
11 state of Kansas within the meaning of section 6 of article 11 of the
12 constitution of the state of Kansas. Upon certification to the pooled money
13 investment board by the county treasurer or governing body of the amount
14 of each loan authorized pursuant to this subsection, the pooled money
15 investment board shall transfer each such amount certified by the county
16 treasurer or governing body from the state bank account or accounts
17 prescribed in this subsection to the county treasurer who shall deposit such
18 amount in the county treasury. Any such loan authorized pursuant to this
19 subsection shall be repaid within four years. The county or taxing
20 subdivision shall make not more than four equal annual tax levies at the
21 time fixed for the certification of tax levies to the county clerk following
22 the making of such loan sufficient to pay such loan within the time period
23 required under such loan. All such tax levies shall be in addition to all
24 other levies authorized by law.

25 (o) The county treasurer shall disburse to the proper funds all portions
26 of taxes paid under protest and shall maintain a record of all portions of
27 such taxes which are so protested and shall notify the governing body of
28 the taxing district levying such taxes thereof and the director of accounts
29 and reports if any tax protested was levied by the state.

30 (p) This statute shall not apply to the valuation and assessment of
31 property assessed by the director of property valuation and it shall not be
32 necessary for any owner of state assessed property, who has an appeal
33 pending before the state board of tax appeals, to protest the payment of
34 taxes under this statute solely for the purpose of protecting the right to a
35 refund of taxes paid under protest should that owner be successful in that
36 appeal.

37 Sec. 7. K.S.A. 2023 Supp. 79-4508a is hereby amended to read as
38 follows: 79-4508a. (a) For tax year 2022, and all tax years thereafter, the
39 amount of any claim pursuant to this section shall be computed by
40 deducting the claimant's base year ad valorem tax amount for the
41 homestead from the claimant's homestead ad valorem tax amount for the
42 tax year for which the refund is sought. *This section shall be known and*
43 *may be cited as the homeowners' property tax freeze program.*

1 (b) As used in this section:

2 (1) "Base year" means the year in which an individual becomes an
3 eligible claimant and who is also eligible for a claim for refund pursuant to
4 this section. For any individual who would otherwise be an eligible
5 claimant prior to 2021, such base year shall be deemed to be 2021 for the
6 purposes of this act.

7 (2) "Claimant" means a person who has filed a claim under the
8 provisions of this act and was, during the entire calendar year preceding
9 the year in which such claim was filed for refund under this act, except as
10 provided in K.S.A. 79-4503, and amendments thereto, both domiciled in
11 this state and was: (A) A person who is 65 years of age or older; or (B) a
12 disabled veteran. The surviving spouse of a person 65 years of age or older
13 or a disabled veteran who was receiving benefits pursuant to this section at
14 the time of the claimant's death shall be eligible to continue to receive
15 benefits until such time the surviving spouse remarries.

16 (3) *"Household income" means the total Kansas adjusted gross*
17 *income of all persons of a household in a calendar year while members of*
18 *such household excluding any amounts received as benefits under the*
19 *federal social security act that are included in Kansas adjusted gross*
20 *income of such persons.*

21 (c) A claimant shall only be eligible for a claim for refund under this
22 section if:

23 (1) The claimant's household income for the year in which the claim
24 is filed is ~~\$50,000~~ \$80,000 or less; and

25 (2) the appraised value of the claimant's homestead for the base year
26 is ~~\$350,000~~ \$500,000 or less.

27 The provisions of K.S.A. 79-4522, and amendments thereto, shall not
28 apply to a claim pursuant to this section. In the case of all tax years
29 commencing after December 31, 2022, the upper limit household income
30 threshold amount prescribed in this subsection shall be increased by an
31 amount equal to such threshold amount multiplied by the cost-of-living
32 adjustment determined under section 1(f)(3) of the federal internal revenue
33 code for the calendar year in which the taxable year commences.

34 (d) A taxpayer shall not be eligible for a homestead property tax
35 refund claim pursuant to this section if such taxpayer has received for such
36 property for such tax year either: (1) A homestead property tax refund
37 pursuant to K.S.A. 79-4508, and amendments thereto; or (2) the selective
38 assistance for effective senior relief (SAFESR) credit pursuant to K.S.A.
39 79-32,263, and amendments thereto.

40 (e) The amount of any claim shall be computed to the nearest \$1.

41 (f) *The household income and appraised value amendments made to*
42 *this section by this act shall apply retroactively, and the deadline to file*
43 *claims for tax years 2022 and 2023 shall be extended to on or before April*

1 15, 2025.

2 (g) The provisions of this section shall be a part of and supplemental
3 to the homestead property tax refund act.

4 Sec. 8. K.S.A. 79-5501 is hereby amended to read as follows: 79-
5 5501. (a) ~~On and after Commencing July 1, 2013, and through December~~
6 ~~31, 2024,~~ watercraft shall be appraised at fair market value determined
7 therefor pursuant to K.S.A. 79-503a, and amendments thereto, and
8 assessed at the percentage of value as follows: (1) 11.5% in tax year 2014;
9 and (2) 5% in tax-year years 2015-~~and all tax years thereafter through~~
10 ~~2024.~~ On and after January 1, 2014, the levy used to calculate the tax on
11 watercraft shall be the county average tax rate. In no case shall the
12 assessed value of any watercraft, as determined under the provisions of
13 this section, cause the tax upon such watercraft to be less than \$12.

14 (b) As used in this section, the term "watercraft" means any
15 watercraft designed to be propelled by machinery, oars, paddles or wind
16 action upon a sail for navigation on the water which, if not for the
17 provisions of this section, would be properly classified under subclass 5 or
18 6 of class 2 of section 1 of article 11 of the Kansas constitution. This
19 section shall not be construed as taxing any watercraft which otherwise
20 would be exempt from property taxation under the laws of the state of
21 Kansas. Each watercraft may include one trailer which is designed to
22 launch, retrieve, transport and store such watercraft and any nonelectric
23 motor or motors which are necessary to operate such watercraft on the
24 water.

25 (c) Any watercraft which is designed to be propelled through the
26 water through human power alone shall be exempt from all property or ad
27 valorem taxes levied under the laws of the state of Kansas.

28 (d) The "county average tax rate" means the total amount of general
29 property taxes levied within the county by the state, county and all other
30 taxing subdivisions divided by the total assessed valuation of all taxable
31 property within the county as of November 1 of the year prior to the year
32 of valuation as certified by the secretary of revenue.

33 (e) *On and after January 1, 2025, all watercraft shall be exempt from*
34 *all property or ad valorem taxes levied under the laws of the state of*
35 *Kansas.*

36 Sec. 9. K.S.A. 79-213, 79-503a and 79-5501 and K.S.A. 2023 Supp.
37 79-1460, 79-2005 and 79-4508a are hereby repealed.

38 Sec. 10. This act shall take effect and be in force from and after its
39 publication in the statute book.