

February 24, 2021

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Tyson:

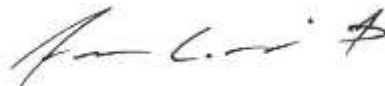
**SUBJECT:** Fiscal Note for SB 222 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 222 is respectfully submitted to your committee.

SB 222 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 SB 222 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: Jody Allen, Tax Appeals  
Lynn Robinson, Department of Revenue  
Wendi Stark, League of Municipalities  
Jay Hall, Association of Counties  
Craig Neuenswander, Education