

February 14, 2020

The Honorable Steven Johnson, Chairperson  
House Committee on Taxation  
Statehouse, Room 185A-N  
Topeka, Kansas 66612

Dear Representative Johnson:

**SUBJECT:** Fiscal Note for HB 2498 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2498 is respectfully submitted to your committee.

HB 2498 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 2498 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 governments resources dedicated to the property tax appeal process.

Sincerely,



Larry L. Campbell  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Jay Hall, Association of Counties  
Jody Allen, Tax Appeals