AN ACT concerning property taxation; relating to appraisals; mill levy adjustments; resolutions; amending K.S.A. 79-5a04, 79-1412a, 79-1460a and 79-1466 and K.S.A. 2010 Supp. 79-1448, 79-1460 and 79-2925b and repealing the existing sections.

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

New Section 1. (a) On and after tax year 2022, in any year in which an appraisal of real property is required under the second paragraph of K.S.A. 79-1412a, and amendments thereto, if the total taxable real property valuation in any municipality exceeds the aggregate baseline value of all taxable real property due to increases in the assessed valuation, then the governing body shall lower the mill levy rate to such rate that would equal the amount of ad valorem property taxes levied in the next previous year in which an appraisal of property was required under the second paragraph of K.S.A. 79-1412a, and amendments thereto. This subsection shall not apply to ad valorem taxes levied under K.S.A. 72-6431, 76-6b01 and 76-6b05, and amendments thereto.

(b) The provisions of subsection (a) shall not apply to or limit the levy of ad valorem taxes for the payment of principal and interest on bonds, temporary notes and no-fund warrants or judgments rendered against any such municipality.

(c) For the purposes of this section:

(1) "Baseline value" means the then appraised value of a piece of taxable property as of:

(A) January 1, 2012;

(B) the date the property described in section 2 first appears on the tax rolls; or

(C) the date of the last appraisal of property as required by K.S.A. 79-1412a, and amendments thereto, whichever occurs last.

(2) "Municipality" means any county, township, municipal university, school district, community college, drainage district and any other taxing district or political subdivision which levies taxes on property.

New Sec. 2. (a) Improvements to property shall be valued by taking all like-zoned improvements within a radius of the subject property measuring 200 feet inside city limits and a radius measuring 1,000 feet
outside such limits and determining an average value per square foot. That average square foot value shall then be applied to the improvement to assess the value of such improvement.

(b) In the case of real property which has been rezoned, all like-zoned real property within a radius of the subject property measuring 200 feet inside city limits and a radius measuring 1,000 feet outside such limits shall be taken and an average value per square foot shall be determined. That average square foot value shall then be applied to the subject property to assess its value.

(c) Should no like-zoned improvements or properties be found within the limits described in subsection (a) and (b) of this section, the average square foot value to be applied shall be that of the average of the 10 nearest like-zoned improvements or properties, as the case may be, within the state of Kansas, regardless of distance.

Sec. 3. K.S.A. 79-5a04 is hereby amended to read as follows: 79-5a04. The director of property valuation shall annually determine the fair market value of public utility personal property, both real and personal, both tangible and intangible, of every public utility as defined in subsection (a) of K.S.A. 79-5a01, and amendments thereto. The director of property valuation shall determine the fair market value of public utility real property of every public utility as defined in subsection (a) of K.S.A. 79-5a01, and amendments thereto, for any year in which a county and district appraiser is required to appraise the value of real property under the second paragraph of K.S.A. 79-1412a, and amendments thereto.

As used in this section, "fair market value" means the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion. For the purposes of this definition, it shall be assumed that consummation of a sale occurs as of January 1.

The division of property valuation in determining the fair market value of public utility property shall, where practicable, determine the unit valuation, allocated to Kansas, and in doing so shall use generally accepted appraisal procedures developed through the appraisal process and may consider, including but not by way of exclusion, the following factors:

(a) Original cost.

(b) Original cost less depreciation or reproduction cost less depreciation, or both, or replacement cost new less depreciation, except that where either method is used proper allowance and deduction shall be made for functional or economic obsolescence and for operation of nonprofitable facilities which necessitate regulatory body approval to
eliminate.

(c) The market or actual value of all outstanding capital stock and
debt.

(d) The utility operating income, capitalized in the manner and at
such rate or rates as shall be just and reasonable.

(e) Such other information or evidence as to value as may be
obtained that will enable the property valuation department to determine
the fair market value of the property of such public utility.

The fair market value of affiliated properties separately assessed, or
the nonoperating properties of such companies, or both, shall be
ascertained and determined as nearly as possible and deducted from the
total unit value of the properties of such companies if such properties are
included in the unit value. Except for the property of any entity
enumerated in subsection (b) of K.S.A. 79-5a01, and amendments
thereto, and insofar as it is practicable to do so, the same method of
evaluating the properties of the companies separately assessed or
nonoperating properties, or both, shall be used as was used in determining
the unit value of such companies. All property of any entity enumerated
in subsection (b) of K.S.A. 79-5a01, and amendments thereto, shall be
valued by the county or district appraiser in the same manner as provided
by law for the valuation of the same type or class of property in the
county.

Sec. 4. K.S.A. 79-1412a is hereby amended to read as follows: 79-
1412a. (a) County appraisers and district appraisers shall perform the
following duties:

First. Install and maintain such records and data relating to all
property in the county, taxable and exempt, as may be required by the
director of property valuation.

Second. Annually, as of January 1, supervise the listing and appraisal
of all real estate and personal property in the county subject to taxation
except state-appraised property. As of January 1, 2012, and then every
10 years thereafter, supervise the listing and appraisal of all real estate in
the county subject to taxation except state-appraised property.

Third. Attend meetings of the county board of equalization for the
purpose of aiding such board in the proper discharge of its duties, making
all records available to the county board of equalization.

Fourth. Prepare the appraisal roll and certify such rolls to the county
clerk.

Fifth. Supervise the township trustees, assistants, appraisers and other
employees appointed by the appraiser in the performance of their duties.

Sixth. The county appraiser or district appraiser in setting values for
various types of personal property, shall conform to the values for such
property as shown in the personal property appraisal guides devised or
prescribed by the director of property valuation.

Seventh. During any year where appraisal is required under the provisions of this section, carry on continuously throughout the year the process of appraising real property.

Eighth. If the county appraiser or district appraiser deems it advisable, such appraiser may appoint one or more advisory committees of not less than five persons representative of the various economic interests and geographic areas of the county to assist the appraiser in establishing unit land values, unit values for structures, productivity, classifications for agricultural lands, adjustments for location factors, and generally to advise on assessment procedures and methods.

Ninth. Perform such other duties as may be required by law.

(b) The director of property valuation shall give notice to county and district appraisers and county boards of equalization of any proposed changes in the guides, schedules or methodology for use in valuing property prescribed to the county and district appraisers for use in setting values for property within the county or district. Such notice shall also be published in the Kansas register and shall provide that such changes are available for public inspection. Changes and modifications in guides, schedules or methodology for use in valuing property which are prescribed by the director of property valuation for use by county and district appraisers on or after July 1 in any year shall not be utilized in establishing the value, for the current tax year, of any property, the value of which has previously been established for such year.

Sec. 5. K.S.A. 2010 Supp. 79-1448 is hereby amended to read as follows: 79-1448. Any taxpayer may complain or appeal to the county appraiser from the classification or appraisal of the taxpayer's property by giving notice to the county appraiser: (1) Within 30 days subsequent to the date of mailing of the valuation notice required by K.S.A. 79-1460, and amendments thereto, for real property; (2) and on or before May 15 for personal property; and (3) in any year in which the mailing of a valuation notice is not required by K.S.A. 79-1460, and amendments thereto, on or before April 1. The county appraiser or the appraiser's designee shall arrange to hold an informal meeting with the aggrieved taxpayer with reference to the property in question. At such meeting it shall be the duty of the county appraiser or the county appraiser's designee to initiate production of evidence to substantiate the valuation of such property, including the affording to the taxpayer of the opportunity to review the data sheet of comparable sales utilized in the determination of such valuation. The county appraiser may extend the time in which the taxpayer may informally appeal from the classification or appraisal of the taxpayer's property for just and adequate reasons. Except as provided in K.S.A. 79-1404, and amendments thereto, no informal meeting regarding
real property shall be scheduled to take place after May 15, nor shall a
final determination be given by the appraiser after May 20. Any final
determination shall be accompanied by a written explanation of the
reasoning upon which such determination is based when such
determination is not in favor of the taxpayer. Any taxpayer who is
aggrieved by the final determination of the county appraiser may appeal
to the hearing officer or panel appointed pursuant to K.S.A. 79-1611, and
amendments thereto, and such hearing officer, or panel, for just cause
shown and recorded, is authorized to change the classification or
valuation of specific tracts or individual items of real or personal property
in the same manner provided for in K.S.A. 79-1606, and amendments
thereto. In 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 $2,000,000, 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 court 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 court
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. 6. K.S.A. 2010 Supp. 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, and for real property, on or before March 1, 2012,
and on or before March 1 in any year thereafter in which a county and
district appraiser is required to appraise the value of real property under
the second paragraph of K.S.A. 79-1412a, and amendments thereto, 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 taxable year next
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. 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
thereof, 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.

(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.

Sec. 7. K.S.A. 79-1460a is hereby amended to read as follows: 79-
1460a. Annually, at least five business days prior to the mailing of
change of valuation notices pursuant to K.S.A. 79-1460, and amendments
thereto, the county or district appraiser shall cause to be published in the
official county newspaper the results of the market study analysis as
prescribed by the director of the division of property valuation of the
department of revenue.

Sec. 8. K.S.A. 79-1466 is hereby amended to read as follows: 79-
1466. Commencing on January 1, 2012, and then for any year thereafter
in which a county and district appraiser is required to appraise the value
of real property under the second paragraph of K.S.A. 79-1412a, and
amendments thereto, of each year, the county or district appraiser shall
transmit the taxable real property appraisals and the exempt real property
appraisals to the county clerk continually upon the completion thereof.
Commencing on January 1 of each year, the county or district appraiser
shall transmit the exempt real property appraisals to the county clerk
continually upon the completion thereof.

Upon completion of transmission of such appraisals to the county
clerk, on or before June 15 of each year, the county or district appraiser
shall deliver a document certifying that such appraisals constitute the
complete appraisal rolls for real property.

The taxable real property appraisal roll shall consist of all real
property appraisals which in aggregate list all taxable land and
improvements located within the county.

The exempt real property appraisal roll shall consist of all real
property appraisals which in aggregate list all exempt land and
improvements located within the county.

All transmissions required by this section may be made electronically.

Sec. 9. K.S.A. 2010 Supp. 79-2925b is hereby amended to read as
follows: 79-2925b. (a) Without adoption of a resolution or ordinance so
providing, the governing body of any taxing subdivision shall not
approve any appropriation or budget, as the case requires, which may be
funded by revenue produced from property taxes, and which provides for
funding with such revenue in an amount exceeding that of the next
preceding year, or, in a year in which a mill levy adjustment is required
under section 1, revenue in an amount exceeding that of the most recent
year in which an appraisal of real property was required under the
second paragraph of K.S.A. 79-1412a, and amendments thereto, except
with regard to revenue produced and attributable to the taxation of: (1)
New improvements to real property;
(2) increased personal property valuation, other than increased valuation of oil and gas leaseholds and mobile homes;
(3) property located within added jurisdictional territory; and
(4) property which has changed in use.

(b) The provisions of this section shall be applicable to all fiscal and budget years commencing on and after the effective date of this act.

(c) The provisions of this section shall not apply to community colleges or unified school districts.

(d) The provisions of this section shall not apply to revenue received from property tax levied for the sole purpose of repayment of the principal of and interest upon bonded indebtedness, temporary notes and no-fund warrants.

(e) Any resolution adopted pursuant to this section shall be published in the official county newspaper of the county where such taxing subdivision is located.


Sec. 11. This act shall take effect and be in force from and after January 1, 2012 and its publication in the statute book.