

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Taxation** recommends **HB 2643** be amended on page 1, in line 5, before "Section" by inserting "New"; also on page 1, following line 31, by inserting:

"New Sec. 2. For all tax years commencing after December 31, 2013, property that has been constructed or purchased with the proceeds of any revenue bonds authorized by K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, and exempted from all property or ad valorem taxes pursuant to K.S.A. 79-201a, *Second*, and amendments thereto, which is returned to the taxable rolls of the county upon the expiration of such exemption, shall retain its classifications as real or personal as approved by the court of tax appeals at the time the exemption was granted. No such property shall be considered reclassified or reclassified after the expiration of such tax exemption period absent the approval of the court of tax appeals upon a hearing in a decision upheld upon appeal, if any, and:

- (a) A material physical change to such property;
- (b) a material change in the use of such property; or
- (c) a substantial change in directly applicable law.

In any action taken by a county appraiser or taxpayer before the court of tax appeals to change the classification of such property, the party seeking a change in classification shall bear the burden of proof with regard to the issue of classification. The taxpayer shall be a party in any such action brought by a county appraiser.

New Sec. 3. The court of tax appeals shall have the power and duty to hear a petition to change the classification of property as required by section 2, and amendments thereto, and may

issue rules and regulations to implement the provisions of sections 2 and 3, and amendments thereto.

New Sec. 4. (a) On or before October 15 of the year preceding the tax year for which the property is to be classified and appraised, the county appraiser or the taxpayer may request that the director of property valuation contract with an independent appraiser to classify and appraise natural gas and helium processing facilities, ethanol facilities, crude oil refineries, fertilizer manufacturing facilities, cement manufacturing facilities, and such other complex industrial properties as otherwise requested by the county appraiser or the taxpayer. Before making such request, the county appraiser and the taxpayer shall be required to meet to discuss the property at issue, including the suitability of the property to be classified and appraised by an independent appraiser, as provided in this section. After such meeting and upon request by the county or the taxpayer, the director shall contract with an independent appraiser from the list of appraisers as provided in subsection (b) to conduct such determination of the property. Prior to entering into any contract with an independent appraiser to classify and appraise the property at issue, the director shall meet with the county appraiser to discuss the costs of an independent appraisal. The county shall be responsible for all reasonable and prior approved costs of the independent classification and appraisal.

(b) The director shall maintain a list of qualified appraisers who are certified real property appraisers and who have at least three years of experience in the classification and appraisal of the types of property described in this section.

(c) The final determination made by the independent appraiser pursuant to this section shall be admissible before the courts of this state and the Kansas court of tax appeals in any subsequent classification and valuation proceedings.

New Sec. 5. The director of property valuation may require the county appraiser and the taxpayer to submit such documentation to the independent appraiser described in section 4, and amendments thereto, as necessary in order to classify and appraise the property. The taxpayer shall

permit one or more physical inspections of the property, scheduled at mutually agreeable times so as not to delay the timely completion of the classification and appraisal of the property.

New Sec. 6. (a) The director of property valuation shall notify the taxpayer and the county appraiser on or before March 1 for real property and May 1 for personal property, of the classification and appraised valuation of the property described in section 4, and amendments thereto. Such notification shall be mailed to the county appraiser and to the taxpayer at the taxpayer's last known address.

(b) Within 15 days of receipt of the notification required by subsection (a) of this section, if the taxpayer or the county appraiser has any objection to the notification as issued, the taxpayer or the county appraiser shall notify the director of property valuation in writing of such objection. Within 30 days of the receipt by the director of such objection, the director shall hold an informal meeting with the taxpayer of the county and shall issue a final determination, which shall become effective for purposes of appeal as provided in K.S.A. 79-1609, and amendments thereto. Informal meetings held pursuant to this section may be conducted by the director or the director's designee. An information meeting with the director or the director's designee shall be a condition precedent to an appeal to the court of tax appeals.

New Sec. 7. Prior to January 1, 2015, the secretary of revenue shall adopt rules and regulations necessary to administer the provisions of sections 4 through 6, and amendments thereto.

Sec. 8. K.S.A. 2013 Supp. 79-1609 is hereby amended to read as follows: 79-1609. Any person aggrieved by any order of the hearing officer or panel, or by the classification and appraisal of an independent appraiser, as provided in section 6, and amendments thereto, may appeal to the state court of tax appeals by filing a written notice of appeal, on forms approved by the state court of tax appeals and provided by the county clerk for such purpose, stating the grounds thereof and a description of any comparable property or properties and the appraisal thereof upon which they rely as

evidence of inequality of the appraisal of their property, if that be a ground of the appeal, with the state court of tax appeals and by filing a copy thereof with the county clerk within 30 days after the date of the order from which the appeal is taken. A county or district appraiser may appeal to the state court of tax appeals from any order of the hearing officer or panel. With regard to any matter properly submitted to the court relating to the determination of valuation of residential property or real property used for commercial and industrial purposes for taxation purposes, it shall be the duty of the county appraiser to initiate the production of evidence to demonstrate, by a preponderance of the evidence, the validity and correctness of such determination. With regard to leased commercial and industrial property, the presumption of validity and correctness of such determination shall exist in favor of the county or district appraiser unless, within 30 calendar days following the informal meeting required by K.S.A. 79-1448, and amendments thereto, the taxpayer furnished to the county or district appraiser complete income and expense statements for the property for the three years next preceding the year of appeal.

Sec. 9. K.S.A. 2013 Supp. 79-1609 is hereby repealed.";

And by renumbering sections accordingly;

Also on page 1, in the title, in line 2, after "equipment" by inserting "; independent appraisers; reclassification of certain tax exempt property; amending K.S.A. 2013 Supp. 79-1609 and repealing the existing section"; and the bill be passed as amended.

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Chairperson