

As Amended by House Committee

Session of 2009

HOUSE BILL No. 2319

By Committee on Taxation

2-6

10 AN ACT concerning property taxation; relating to fair market value of  
11 certain rental property; amending K.S.A. 2008 Supp. 79-503a and re-  
12 pealing the existing section.  
13

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

15 Section 1. K.S.A. 2008 Supp. 79-503a is hereby amended to read as  
16 follows: 79-503a. "Fair market value" means the amount in terms of  
17 money that a well informed buyer is justified in paying and a well in-  
18 formed seller is justified in accepting for property in an open and com-  
19 petitive market, assuming that the parties are acting without undue com-  
20 pulsion. In the determination of fair market value of any real property  
21 which is subject to any special assessment, such value shall not be deter-  
22 mined by adding the present value of the special assessment to the sales  
23 price. For the purposes of this definition it will be assumed that consum-  
24 mation of a sale occurs as of January 1.

25 Sales in and of themselves shall not be the sole criteria of fair market  
26 value but shall be used in connection with cost, income and other factors  
27 including but not by way of exclusion:

- 28 (a) The proper classification of lands and improvements;
- 29 (b) the size thereof;
- 30 (c) the effect of location on value;
- 31 (d) depreciation, including physical deterioration or functional, eco-  
32 nomic or social obsolescence;
- 33 (e) cost of reproduction of improvements;
- 34 (f) productivity *taking into account all restrictions imposed by the*  
35 *state or federal government and local governing bodies, including, but not*  
36 *limited to, restrictions on property rented or leased to low income indi-*  
37 *viduals and families as authorized by section 42 of the federal internal*  
38 *revenue code of 1986, as amended;*
- 39 (g) earning capacity as indicated by lease price, by capitalization of  
40 net income or by absorption or sell-out period;
- 41 (h) rental or reasonable rental values *or rental values restricted by*  
42 *the state or federal government or local governing bodies, including, but*  
43 **not limited to, restrictions on property rented or leased to low**

- 1 **income individuals and families, as authorized by section 42 of the**  
2 **federal internal revenue code of 1986, as amended;**
- 3 (i) sale value on open market with due allowance to abnormal infla-  
4 tionary factors influencing such values;
- 5 (j) restrictions *or requirements* imposed upon the use of real estate  
6 by *the state or federal government or* local governing bodies, including  
7 zoning and planning boards or commissions, **and including, but not**  
8 **limited to, restrictions or requirements imposed upon the use of**  
9 **real estate rented or leased to low income individuals and families,**  
10 **as authorized by section 42 of the federal internal revenue code**  
11 **of 1986, as amended;** and
- 12 (k) comparison with values of other property of known or recognized  
13 value. The assessment-sales ratio study shall not be used as an appraisal  
14 for appraisal purposes.
- 15 The appraisal process utilized in the valuation of all real and tangible  
16 personal property for ad valorem tax purposes shall conform to generally  
17 accepted appraisal procedures which are adaptable to mass appraisal and  
18 consistent with the definition of fair market value unless otherwise spec-  
19 ified by law.
- 20 Sec. 2. K.S.A. 2008 Supp. 79-503a is hereby repealed.
- 21 Sec. 3. This act shall take effect and be in force from and after its  
22 publication in the statute book.