

SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2134

As Amended by House Committee on Taxation

Brief*

HB 2134, as amended, would make several changes relating to the valuation of real property and the property tax valuation appeals and payment-under-protest procedures.

The bill would prohibit county appraisers from increasing the valuation for three years for certain real property that has had its value reduced by a final determination made pursuant to the valuation appeals process, unless substantial and compelling reasons have been documented by the appraisers. "Substantial and compelling reasons" would be defined generally to include a change in the use of the property; or to include situations involving substantial additions or improvements to the property. Additions or improvements defined as substantial would include expansions or enlargements of the physical occupancy of the property or renovations that expand or enlarge the square footage of existing structures or improvements. Specifically excluded from the additions and improvements that could be considered substantial (and therefore be construed as a substantial and compelling reason to increase valuation) would be maintenance, renovation or repair of existing structures, equipment or improvements on that property that do not enlarge square footage; and reconstruction or replacement of existing equipment or components of any existing structures or improvements.

Taxpayers also would be authorized to present county appraisers at informal meetings conducted at the outset of the valuation appeals process certain independent appraisals

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

conducted by licensed appraisers specifically to determine value for property tax purposes within the previous 12 months. County appraisers refusing to adopt such qualifying independent appraisals would be required to demonstrate their invalidity by a “preponderance of the evidence” if taxpayers continue the appeals process.

Finally, for informal meetings conducted at the outset of the payment-under-protest process, county appraisers would be required to initiate the production of evidence to substantiate their opinions of value and allow taxpayers 48 hours to review the data sheets of comparable sales before continuing with hearings.

Background

The original bill also would have required counties to pay attorneys’ fees and costs under certain circumstances to taxpayers who ultimately prevail at the conclusion of the appeals process regarding their opinion of value. The House Taxation Committee on March 18 removed this provision from the bill and also added language clarifying that the qualifying independent appraisals submitted by taxpayers must have been conducted within the past 12 months specifically for property tax valuation purposes.

The Department of Revenue’s fiscal note stated that, to the extent the bill would freeze certain values that would not remain frozen under current law, the mandatory school district general fund and state building fund property tax levies would experience reduced receipts of an indeterminate amount.

The fiscal note also indicated that, to the extent maintenance, renovation, repair, reconstruction, or replacement of existing property, improvements, and structures could no longer be factored into the fair market value determination of certain property pursuant to KSA 79-501, the bill could be construed as violating the uniform and equal clause of the *Kansas Constitution*.