

KANSAS OFFICE of
REVISOR of STATUTES

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MEMORANDUM

To: Madam Chairperson and Members of the Committee on Assessment and Taxation
From: Office of Revisor of Statutes
Date: March 15, 2023
Subject: Senate Bill No. 274

Summary

Senate Bill No. 274 would require the use of the cost approach for special purpose property for property tax valuation purposes.

The bill would provide that the fair market value of special purpose property shall be determined based solely on the value of the land and real property improvements and shall exclude the value of the business operating on the property.

The appraiser would be required to use the cost approach and may use one or more other approaches to value. If the appraiser determines that the fair market value of a special purpose property exceeds the replacement cost less depreciation of the real property improvements and the value of the land, the appraiser would be required to explain in writing, upon the request of the taxpayer, how the appraiser determined the fair market value based solely on the value of the land and real property improvements and excluded the value of the business operating on the property.

“Special purpose property” means property designed for a unique use and layout and that is not readily converted to another use. “Special purpose property” would include, but not be limited to, bowling alleys, car washes, hotels and motels, self-service storage facilities, automobile dealerships, nursing homes, assisted living facilities, grain handling and storage facilities and commercial feed yards. The provisions of the section would not apply to public utility property.

The bill would take effect from and after its publication in the statute book.