

# Roadmap to KANSAS PROPERTY TAXES

## General Assessment Overview

**All property (except agricultural land) is valued annually as of January 1 based on fair market value** and assessed at a percentage of that value. Percentages are assigned based on the property's classification. There are multiple classification types, including:

➤	Residential (including multifamily)	11.5%
➤	Commercial Property	25%
➤	Personal Property	30%
➤	Machinery and Equipment	25%

County appraisers typically use a mass appraisal model that utilizes income, cost, and sales approaches to determine the property's fee simple market value. Some counties are very aggressive with recently sold properties, especially when the sale price is higher than the appraised value. This is most pronounced in the multifamily sector, where there have been several instances of properties being appraised over their recent sale price. Kansas is technically a nondisclosure state, but property owners are required to fill out a Kansas Real Estate Sales Validation Questionnaire when a property transacts.

## Valuation Notices

Valuation notices are typically mailed to property owners from mid-February through early April. It is essential to note the date printed on the top of the notice, as this starts the 30-day appeal window. If this appeal window is missed, property owners will not qualify for an Equalization Appeal and would only be eligible for a Payment Under Protest Appeal.

## Property Tax Lid

In 2015, the state legislature passed KSA 79-2925C, often referred to as the "Property Tax Lid." Under this statute, cities and counties are prohibited from approving appropriations or budgets that are funded by property tax revenue if the property tax revenue for the prior year rises by more than the adjusted consumer price index without voter approval. New growth, like renovations and new construction, is not included in this calculation.

This legislation only addresses the total property tax levied by the city or county and does not impact individual property values. In theory, when real estate value increases exceed the adjusted CPI, taxpayers should see a reduction in the tax rate to stay within the "Lid."

## Real Estate Tax Appeals

Property owners can choose one of two appeal methods: an Equalization Appeal or a Payment Under Protest (PUP) Appeal.

An **Equalization Appeal** is when a property owner appeals the valuation notice. There are several levels to this type of appeal.

The first level is an **informal meeting** with the appraiser, giving property owners a chance to explain why they believe the value is inaccurate. It is the county's responsibility to provide evidence to support the valuation, but their value for leased commercial or industrial properties is presumed correct unless they are provided three full years of income and expense statements. If this is not presented at the informal meeting, the property owner has 30 days to provide it to the county. Once concluded, the county will mail the results. All informal meetings must be completed before June 15.

The next level is an appeal to the **Board of Tax Appeals (BOTA)**. If the property is valued below \$3 million and is not agricultural land, property owners have the option to file to the BOTA Small Claims Division; all other appeals must be filed to the BOTA Regular Division.

The appeal must be filed within 30 days from the mailing date of the informal meeting decision or valuation notice. Filing fees may apply, and the county clerk and county appraiser must also receive a copy of the appeal.

At this level, the burden of proof lies with the county, except if the taxpayer fails to provide income and expense statements for leased commercial or industrial properties. Unless both parties agree to an extension, the BOTA sends a written decision within 14 days after the hearing. If property owners are still unsatisfied, they can file a petition for reconsideration within 15 days, file a petition for review to the court of appeals within 30 days, or appeal to the district court within 30 days.

A **PUP Appeal** occurs when an appeal is filed at the time of paying taxes. This requires that at least half of the taxes due be paid timely. Once paid, a hearing will be held that may reduce

the amount due for the second half. If the PUP Appeal is not filed until taxes are paid in full or the second half payment, then a refund will be issued if the value is reduced. Note that if you abandon your Equalization Appeal after starting the process, you cannot file a PUP Appeal or appeal the same property and tax year again.

## Tax Bills

Property taxes are calculated as follows: appraised value determined by the county assessor's office, multiplied by the classification ratio, divided by 1,000, multiplied by the millage rate (tax rate per \$1,000 of the value) set by the various jurisdictions, equals taxes.

$$\left[ \frac{\text{Value} \times \text{Ratio}}{1,000} \right] \times \text{Millage Rate} = \text{Taxes}$$

Counties mail tax statements beginning in November through December 15. Both real estate and personal property tax bills can be paid in two installments. The first half is due December 20, and the second half is due May 10 of the following year.

## Personal Property

The personal property lien date is January 1. Most personal property is assessed at 30%, except for machinery and equipment, which is assessed at 25%.

All commercial and industrial machinery and equipment acquired after June 30, 2006 is exempt per KSA79-223. Commercial and industrial machinery and equipment acquired on or before this date is taxable at the floor value of 20% of retail cost provided it is still in use. All machinery and equipment with an original retail cost of \$1,500 or less are also exempt from taxation, regardless of the acquisition date.

**Personal property tax returns are due March 15.** Inventory is exempt, and failure to file timely will result in penalties.