

SENATE BILL No. 274

By Committee on Assessment and Taxation

2-21

1 AN ACT concerning property taxation; relating to valuation; requiring the
2 use of the cost approach for special purpose property.

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

5 Section 1. (a) For ad valorem property tax purposes, the fair market
6 value of special purpose property shall be determined based solely on the
7 value of the land and real property improvements and shall exclude the
8 value of the business operating on the property.

9 (b) When determining the fair market value of special purpose
10 property, the appraiser shall use the cost approach and may use one or
11 more other approaches to value.

12 (c) If the appraiser determines that the fair market value of a special
13 purpose property exceeds the replacement cost less depreciation of the real
14 property improvements and the value of the land, the appraiser shall
15 explain in writing, upon the request of the taxpayer, how the appraiser
16 determined the fair market value based solely on the value of the land and
17 real property improvements and excluded the value of the business
18 operating on the property.

19 (d) As used in this section, "special purpose property" means a
20 property designed for a unique use and layout and that is not readily
21 converted to another use. "Special purpose property" includes, but is not
22 limited to, bowling alleys, car washes, hotels and motels, self-service
23 storage facilities, automobile dealerships, nursing homes, assisted living
24 facilities, grain handling and storage facilities and commercial feed yards.

25 (e) This section shall not apply to public utility property valued and
26 assessed pursuant to K.S.A. 79-5a01 et seq., and amendments thereto.

27 Sec. 2. This act shall take effect and be in force from and after its
28 publication in the statute book.