



Memo To:

From: Mark Augustine, Owner of Triplett, Inc. doing business as 24-7 Travel Stores and Citywide Storage

Date: March 12, 2023

Re: SB 274

Chairman Tyson and Committee Members:

My name is Mark Augustine, I am the Owner of 24-7 Travel Stores and Citywide Storage operating in nine counties throughout the State of Kansas. Property Tax has a major impact on the profitability of my businesses and every year I anxiously await to see the impact of the county shareholder valuations.

Property Tax is a deteriorate in making new investments and to justify new investments a developer must find an avenue to defer some of the tax through programs such as neighborhood revitalization, tax incremental finance or industrial revenue bonds, all are an administrative burden. Most storage projects do not qualify for these programs due to the locations of the projects and deemed undesirable by most municipalities. The City Planners obviously did not consult the County Appraisers.

Typically, my travel stores' valuations are very predictable year-over-year due to the County Appraiser utilizing the cost approach appraisal to determine the value of the improvements. In a highly inflationary period, my 2023 valuations for my travel stores increased on average 5.5%. Most years the travel stores decrease in value due to the cost approach appraisal recognizing depreciation in the valuation. Unlike my storage business, the County Appraiser utilizes the income approach estimating my gross revenue and expenses to determine value of the land and improvements, which is increasing 46% in 2023 year due to the County Appraiser adding in outside storage income accounting for 25% of the increase in value. The remaining increase is an overinflated income estimate that will have to be corrected through disclosing my income to the County Appraiser. Every third year I have to meet with the County Appraiser to try and mitigate the impact of their assessment on my storage business.

In talking with a certified appraiser, it is in theory only that the income versus cost versus market appraisals should all be approximately the same value. In practice this is not the cause and why SB 274 is so important to self-storage operators because it would lead the County Appraiser into assessing only the value of the improvements through the cost approach and not the market value of the business.

The appraisal from the County Appraiser should only take into account the value of the land and the improvements, but when the County Appraiser utilizes the income approach to assess a commercial holding it is accounting for the value of the business and its management. It is equivalent to requiring an "A" student to take a more difficult test. Thus, a good operator driving the business you are assessed for that success on the income tax return, why should the County Appraiser be allowed to assess on the same success. I stand in support of SB 274.

Respectfully,
Mark Augustine
President of Triplett, Inc.

A handwritten signature in blue ink that reads 'Mark Augustine'.