

SENATE BILL No. 348

By Committee on Local Government

1-26

1 AN ACT concerning property appraisal and taxation; amending K.S.A. 79-
2 304 and 79-1475 and K.S.A. 2011 Supp. 74-2433f, 79-1448, 79-1460,
3 79-1609, 79-1701a and 79-1702 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 2011 Supp. 74-2433f is hereby amended to read as
7 follows: 74-2433f. (a) There shall be a division of the state court of tax
8 appeals known as the small claims and expedited hearings division.
9 Hearing officers appointed by the chief hearing officer shall have authority
10 to hear and decide cases heard in the small claims and expedited hearings
11 division.

12 (b) The small claims and expedited hearings division shall have
13 jurisdiction over hearing and deciding applications for the refund of
14 protested taxes under the provisions of K.S.A. 79-2005, and amendments
15 thereto, and hearing and deciding appeals from decisions rendered
16 pursuant to the provisions of K.S.A. 79-1448, and amendments thereto,
17 and of article 16 of chapter 79 of the Kansas Statutes Annotated, and ~~acts~~
18 ~~amendatory thereof or supplemental amendments~~ thereto, with regard to
19 single-family residential property. The filing of an appeal with the small
20 claims and expedited hearings division shall be a prerequisite for filing an
21 appeal with the state court of tax appeals for appeals involving single-
22 family residential property.

23 (c) At the election of the taxpayer, the small claims and expedited
24 hearings division shall have jurisdiction over: (1) Any appeal of a decision,
25 finding, order or ruling of the director of taxation, except an appeal,
26 finding, order or ruling relating to an assessment issued pursuant to K.S.A.
27 79-5201 *et seq.*, and amendments thereto, in which the amount of tax in
28 controversy does not exceed \$15,000; (2) hearing and deciding
29 applications for the refund of protested taxes under the provisions of
30 K.S.A. 79-2005, and amendments thereto, where the value of the property,
31 other than property devoted to agricultural use, is less than \$2,000,000 as
32 reflected on the valuation notice; (3) hearing and deciding appeals from
33 decisions rendered pursuant to the provisions of K.S.A. 79-1448, and
34 amendments thereto, and of article 16 of chapter 79 of the Kansas Statutes
35 Annotated, and ~~acts amendatory thereof or supplemental amendments~~
36 thereto, other than those relating to land devoted to agricultural use,

1 wherein the value of the property is less than \$2,000,000 as reflected on
2 the valuation notice.

3 (d) In accordance with the provisions of K.S.A. 74-2438, and
4 amendments thereto, any party may elect to appeal any application or
5 decision referenced in subsection (b) to the state court of tax appeals.
6 Except as provided in subsection (b) regarding single-family residential
7 property, the filing of an appeal with the small claims and expedited
8 hearings division shall not be a prerequisite for filing an appeal with the
9 state court of tax appeals under this section. Final decisions of the small
10 claims and expedited hearings division may be appealed to the state court
11 of tax appeals. An appeal of a decision of the small claims and expedited
12 hearings division to the state court of tax appeals shall be *de novo*.

13 (e) A taxpayer shall commence a proceeding in the small claims and
14 expedited hearings division by filing a notice of appeal in the form
15 prescribed by the rules of the state court of tax appeals which shall state
16 the nature of the taxpayer's claim. Notice of appeal shall be provided to the
17 appropriate unit of government named in the notice of appeal by the
18 taxpayer. In any valuation appeal or tax protest commenced pursuant to
19 articles 14 and 20 of chapter 79 of the Kansas Statutes Annotated, and
20 amendments thereto, the hearing shall be conducted in the county where
21 the property is located or a county adjacent thereto. In any appeal from a
22 final determination by the secretary of revenue, the hearing shall be
23 conducted in the county in which the taxpayer resides or a county adjacent
24 thereto.

25 (f) The hearing in the small claims and expedited hearings division
26 shall be informal. The hearing officer may hear any testimony and receive
27 any evidence the hearing officer deems necessary or desirable for a just
28 determination of the case. A hearing officer shall have the authority to
29 administer oaths in all matters before the hearing officer. All testimony
30 shall be given under oath. A party may appear personally or may be
31 represented by an attorney, a certified public accountant, a certified general
32 appraiser, a tax representative or agent, a member of the taxpayer's
33 immediate family or an authorized employee of the taxpayer. A county or
34 unified government may be represented by the county appraiser, designee
35 of the county appraiser, county attorney or counselor or other
36 representatives so designated. No transcript of the proceedings shall be
37 kept.

38 (g) The hearing in the small claims and expedited hearings division
39 shall be conducted within 60 days after the appeal is filed in the small
40 claims and expedited hearings division unless such time period is waived
41 by the taxpayer. A decision shall be rendered by the hearing officer within
42 30 days after the hearing is concluded and, in cases arising from appeals
43 described by subsections (b) and (c)(2) and (3), shall be accompanied by a

1 written explanation of the reasoning upon which such decision is based.
2 Documents provided by a taxpayer or county or district appraiser shall be
3 returned to the taxpayer or the county or district appraiser by the hearing
4 officer and shall not become a part of the court's permanent records.
5 Documents provided to the hearing officer shall be confidential and may
6 not be disclosed, except as otherwise specifically provided.

7 (h) With regard to any matter properly submitted to the division
8 relating to the determination of valuation of property for taxation purposes,
9 it shall be the duty of the county appraiser to initiate the production of
10 evidence to demonstrate, by a preponderance of the evidence, the validity
11 and correctness of such determination. No presumption shall exist in favor
12 of the county appraiser with respect to the validity and correctness of such
13 determination, *except that no such presumption shall exist with regard to*
14 *leased commercial and industrial property unless the taxpayer has*
15 *furnished the county or district appraiser, either at the informal meeting*
16 *required by K.S.A. 79-1448, and amendments thereto, or the informal*
17 *meeting required by K.S.A. 79-2005, and amendments thereto, a complete*
18 *income and expense statement for the property for the three years next*
19 *preceding the year of appeal.*

20 Sec. 2. K.S.A. 79-304 is hereby amended to read as follows: 79-304.
21 Every person required to list property on behalf of others shall list such
22 property in the taxing districts in which the property is located and such
23 person shall list such property separate and apart from such person's own
24 property, specifying the name of the person, estate, company or
25 corporation to which the same may belong.

26 All tangible personal property stationed, located, or stored on any
27 municipal airport or airfield shall be listed and taxed in the township,
28 school district, city or taxing district in which the owner resides, but if the
29 owner is a nonresident of this state or of the county in which such tangible
30 personal property is located, then such property shall be listed and taxed in
31 the same township, school district, city, or taxing district in which the
32 property is located. All personal property shall be listed and taxed each
33 year in the taxing district in which the property was located on the first day
34 of January, but *all vessels, as defined by K.S.A. 32-1102, and amendments*
35 *thereto, which are located or stored outside this state on the first day of*
36 *January shall be listed in the taxing district where the owner resided on*
37 *the first day of January, and all moneys and credits not pertaining to a*
38 *business located shall be listed in township or city and school district in*
39 *which the owner resided on the first day of January, except that, a motor*
40 *vehicle which is being used by and is in the possession of a student who is*
41 *attending a university or college and which is owned by such student or by*
42 *another person shall be listed and taxed in the township, school district,*
43 *city or taxing district in which the owner of the motor vehicle resided on*

1 the first day of January. *Except as provided above*, whenever any person,
2 association or corporation removes tangible personal property from this
3 state between November 1 and the next succeeding January 1 and returns
4 such property to this state prior to the next succeeding March 1, such
5 person, association or corporation shall list such property for taxation with
6 the county appraiser of the county to which such property is returned as
7 required by K.S.A. 79-306, and amendments thereto, unless the owner of
8 such property submits proof to the county appraiser under oath that such
9 property was removed from the state for legitimate business purposes, and
10 has been listed for taxation for the appropriate tax year in some other state
11 or territory.

12 The property of banks, bankers, brokers, merchants, and of insurance or
13 other companies, except of mutual fire insurance companies, shall be listed
14 and taxed in the taxing district where their business is usually done, and
15 manufactories and mines in the taxing district where the manufactories or
16 mines are located.

17 Personal property in transit shall be listed in the taxing district where
18 the owner resides except that, if such property is intended for a particular
19 business, it shall be listed at the place where the business is to be
20 transacted.

21 Sec. 3. K.S.A. 2011 Supp. 79-1448 is hereby amended to read as
22 follows: 79-1448. Any taxpayer may complain or appeal to the county
23 appraiser from the classification or appraisal of the taxpayer's property by
24 giving notice to the county appraiser within 30 days subsequent to the date
25 of mailing of the valuation notice required by K.S.A. 79-1460, and
26 amendments thereto, for real property, and on or before May 15 for
27 personal property. The county appraiser or the appraiser's designee shall
28 arrange to hold an informal meeting with the aggrieved taxpayer with
29 reference to the property in question. At such meeting it shall be the duty
30 of the county appraiser or the county appraiser's designee to initiate
31 production of evidence to substantiate the valuation of such property,
32 including the affording to the taxpayer of the opportunity to review the
33 data sheet of comparable sales utilized in the determination of such
34 valuation. *In any appeal from the appraisal of leased commercial and*
35 *industrial property, the county or district appraiser's appraised value shall*
36 *be presumed to be valid and correct and may only be rebutted by a*
37 *preponderance of the evidence, unless the property owner furnishes the*
38 *county or district appraiser a complete income and expense statement for*
39 *the property for the three years next preceding the year of appeal.* The
40 county appraiser may extend the time in which the taxpayer may
41 informally appeal from the classification or appraisal of the taxpayer's
42 property for just and adequate reasons. Except as provided in K.S.A. 79-
43 1404, and amendments thereto, no informal meeting regarding real

1 property shall be scheduled to take place after May 15, nor shall a final
2 determination be given by the appraiser after May 20. Any final
3 determination shall be accompanied by a written explanation of the
4 reasoning upon which such determination is based when such
5 determination is not in favor of the taxpayer. Any taxpayer who is
6 aggrieved by the final determination of the county appraiser may appeal to
7 the hearing officer or panel appointed pursuant to K.S.A. 79-1611, and
8 amendments thereto, and such hearing officer, or panel, for just cause
9 shown and recorded, is authorized to change the classification or valuation
10 of specific tracts or individual items of real or personal property in the
11 same manner provided for in K.S.A. 79-1606, and amendments thereto. In
12 lieu of appealing to a hearing officer or panel appointed pursuant to K.S.A.
13 79-1611, and amendments thereto, any taxpayer aggrieved by the final
14 determination of the county appraiser, except with regard to land devoted
15 to agricultural use, wherein the value of the property, is less than
16 \$2,000,000, as reflected on the valuation notice, or the property constitutes
17 single family residential property, may appeal to the small claims and
18 expedited hearings division of the state court of tax appeals within the time
19 period prescribed by K.S.A. 79-1606, and amendments thereto. Any
20 taxpayer who is aggrieved by the final determination of a hearing officer
21 or panel may appeal to the state court of tax appeals as provided in K.S.A.
22 79-1609, and amendments thereto. An informal meeting with the county
23 appraiser or the appraiser's designee shall be a condition precedent to an
24 appeal to the county or district hearing panel.

25 Sec. 4. K.S.A. 2011 Supp. 79-1460 is hereby amended to read as
26 follows: 79-1460. (a) The county appraiser shall notify each taxpayer in
27 the county annually on or before March 1 for real property and May 1 for
28 personal property, by mail, *which shall include electronic mail when an*
29 *electronic mail address has been provided by the taxpayer or is included*
30 *in any personal property tax return filed pursuant to K.S.A. 79-303 or 79-*
31 *332a, and amendments thereto*, directed to the taxpayer's last known
32 address, of the classification and appraised valuation of the taxpayer's
33 property, except that, the valuation for all real property shall not be
34 increased unless: (1) The record of the latest physical inspection was
35 reviewed by the county or district appraiser, and documentation exists to
36 support such increase in valuation in compliance with the directives and
37 specifications of the director of property valuation, and such record and
38 documentation is available to the affected taxpayer; and (2) for the taxable
39 year next following the taxable year that the valuation for real property has
40 been reduced due to a final determination made pursuant to the valuation
41 appeals process, documented substantial and compelling reasons exist
42 therefor and are provided by the county appraiser. When the valuation for
43 real property has been reduced due to a final determination made pursuant

1 to the valuation appeals process for the prior year, and the county appraiser
2 has already certified the appraisal rolls for the current year to the county
3 clerk pursuant to K.S.A. 79-1466, and amendments thereto, the county
4 appraiser may amend the appraisal rolls and certify the changes to the
5 county clerk to implement the provisions of this subsection and reduce the
6 valuation of the real property to the prior year's final determination, except
7 that such changes shall not be made after October 31 of the current year.
8 For the purposes of this section and in the case of real property, the term
9 "taxpayer" shall be deemed to be the person in ownership of the property
10 as indicated on the records of the office of register of deeds or county clerk
11 and, in the case where the real property or improvement thereon is the
12 subject of a lease agreement, such term shall also be deemed to include the
13 lessee of such property if the lease agreement has been recorded or filed in
14 the office of the register of deeds. Such notice shall specify separately both
15 the previous and current appraised and assessed values for each property
16 class identified on the parcel. Such notice shall also contain the uniform
17 parcel identification number prescribed by the director of property
18 valuation. Such notice shall also contain a statement of the taxpayer's right
19 to appeal, the procedure to be followed in making such appeal and the
20 availability without charge of the guide devised pursuant to subsection (b).
21 Such notice may, and if the board of county commissioners so require,
22 shall provide the parcel identification number, address and the sale date
23 and amount of any or all sales utilized in the determination of appraised
24 value of residential real property. In any year in which no change in
25 appraised valuation of any real property from its appraised valuation in the
26 next preceding year is determined, an alternative form of notification
27 which has been approved by the director of property valuation may be
28 utilized by a county. Failure to timely mail or receive such notice shall in
29 no way invalidate the classification or appraised valuation as changed. The
30 secretary of revenue shall adopt rules and regulations necessary to
31 implement the provisions of this section.

32 (b) For all taxable years commencing after December 31, 1999, there
33 shall be provided to each taxpayer, upon request, a guide to the property
34 tax appeals process. The director of the division of property valuation shall
35 devise and publish such guide, and shall provide sufficient copies thereof
36 to all county appraisers. Such guide shall include but not be limited to: (1)
37 A restatement of the law which pertains to the process and practice of
38 property appraisal methodology, including the contents of K.S.A. 79-503a
39 and 79-1460, and amendments thereto; (2) the procedures of the appeals
40 process, including the order and burden of proof of each party and time
41 frames required by law; and (3) such other information deemed necessary
42 to educate and enable a taxpayer to properly and competently pursue an
43 appraisal appeal.

1 Sec. 5. K.S.A. 79-1475 is hereby amended to read as follows: 79-
2 1475. Whenever the county appraiser discovers that any real property *or*
3 *improvements thereon*, subject to taxation has been omitted from the tax
4 rolls, such property *or improvements thereon*, shall immediately be listed
5 and valued by the appraiser, and returned to the county clerk. The county
6 clerk, upon receipt of the valuation for such property *or improvements*
7 *thereon*, shall place such property on the tax rolls and compute the amount
8 of tax due based upon the mill levy for the year or years, not to exceed two
9 calendar years preceding January 1 of the calendar year in which the
10 property is discovered, in which such tax should have been levied, and
11 shall certify such amount to the county treasurer as an added or escaped
12 appraisal. The amount of such tax shall be due immediately and payable
13 within 45 days after the issuance of an added or escaped property tax bill
14 by the county treasurer. No interest shall be imposed unless the tax
15 remains unpaid after such 45-day period. Taxes levied pursuant to this
16 section which remain unpaid after such 45 day period shall be deemed
17 delinquent and the county treasurer shall proceed to collect and distribute
18 such tax in the same manner as prescribed by law for the collection and
19 distribution of other taxes levied on property which are delinquent. No
20 property tax levied pursuant to this section shall be payable by any person
21 other than the current owner of the property unless such property was
22 acquired by will, inheritance or gift. Notwithstanding the foregoing, if the
23 current owner of any such property *or improvements thereon*, purchased in
24 the tax year in which such property was discovered to have been omitted
25 from the tax rolls pays the property tax which would have been levied
26 upon such property for such year within 45 days after the issuance of an
27 added or escaped property tax bill by the county treasurer, such owner
28 shall not be liable for any property tax which would have been levied upon
29 such property for any prior taxable year. *Improvements, as used in this*
30 *section, shall include all improvements on the property parcel omitted*
31 *from the tax rolls notwithstanding that other improvements on the property*
32 *parcel were not omitted from the tax rolls.*

33 Sec. 6. K.S.A. 2011 Supp. 79-1609 is hereby amended to read as
34 follows: 79-1609. Any person aggrieved by any order of the hearing
35 officer or panel may appeal to the state court of tax appeals by filing a
36 written notice of appeal, on forms approved by the state court of tax
37 appeals and provided by the county clerk for such purpose, stating the
38 grounds thereof and a description of any comparable property or properties
39 and the appraisal thereof upon which they rely as evidence of inequality of
40 the appraisal of their property, if that be a ground of the appeal, with the
41 state court of tax appeals and by filing a copy thereof with the county clerk
42 within 30 days after the date of the order from which the appeal is taken. A
43 county or district appraiser may appeal to the state court of tax appeals

1 from any order of the hearing officer or panel. With regard to any matter
2 properly submitted to the court relating to the determination of valuation
3 of residential property or real property used for commercial and industrial
4 purposes for taxation purposes, it shall be the duty of the county appraiser
5 to initiate the production of evidence to demonstrate, by a preponderance
6 of the evidence, the validity and correctness of such determination except
7 that no such duty shall accrue with regard to leased commercial and
8 industrial property unless the ~~property owner~~ taxpayer has furnished to the
9 county or district appraiser a complete income and expense statement for
10 the property for the three years next preceding the year of appeal *as*
11 *required by K.S.A. 79-1448, and amendments thereto.* No presumption
12 shall exist in favor of the county appraiser with respect to the validity and
13 correctness of such determination, *except that no such presumption shall*
14 *exist with regard to leased commercial and industrial property unless the*
15 *taxpayer has furnished the county or district appraiser at the informal*
16 *meeting required by K.S.A. 79-1448, and amendments thereto, a complete*
17 *income and expense statement for the property for the three years next*
18 *preceding the year of appeal.*

19 Sec. 7. K.S.A. 2011 Supp. 79-1701a is hereby amended to read as
20 follows: 79-1701a. Any taxpayer, the county appraiser or the county clerk
21 shall, on their own motion, request the board of county commissioners to
22 order the correction of the clerical errors in the appraisal, assessment or tax
23 rolls as described in K.S.A. 79-1701, and amendments thereto. The board
24 of county commissioners of the several counties are hereby authorized to
25 order the correction of clerical errors, specified in K.S.A. 79-1701, and
26 amendments thereto, in the appraisal, assessment or tax rolls for the
27 current year and the immediately preceding two years during the period on
28 and after November 1 of each year. If a county treasurer has collected and
29 distributed the property taxes of a taxpayer and it shall thereafter be
30 determined that the tax computed and paid was based on an erroneous
31 assessment due to a clerical error which resulted in an overpayment of
32 taxes by the taxpayer, and such error is corrected under the provisions
33 hereof then the county commissioners may direct a refund in the amount
34 of the overpayment plus interest at the rate prescribed by K.S.A. 79-2968,
35 and amendments thereto, plus two percentage points, per annum, from the
36 date of payment from tax moneys collected during the current year and
37 approve a claim therefor. If all or any portion of the taxes on such property
38 remain unpaid, the board of county commissioners shall cancel that
39 portion of such unpaid taxes which were assessed on the basis of the error
40 which is being corrected. In lieu of taking such a refund the taxpayer may,
41 at the taxpayer's option, be allowed a credit on the current year's taxes in
42 the amount of the overpayment plus interest at the rate prescribed by
43 K.S.A. 79-2968, and amendments thereto, from the date of payment for

1 the previous year. In the event the error results in an understatement of
2 value or taxes as a result of ~~a mathematical miscalculation on the part of~~
3 ~~the county~~, *the correction of the clerical errors listed in subsection (a), (c),*
4 *(f) or (g) of K.S.A. 79-1701, and amendments thereto*, and the board of
5 county commissioners of the several counties are hereby authorized to
6 correct such error and order an additional assessment or tax bill, or both, to
7 be issued, except that, in no such case shall the taxpayer be assessed
8 interest or penalties on any tax which may be assessed. If such error
9 applies to property which has been sold or otherwise transferred
10 subsequent to the time the error was made, no such additional assessment
11 or tax bill shall be issued.

12 Sec. 8. K.S.A. 2011 Supp. 79-1702 is hereby amended to read as
13 follows: 79-1702. If any taxpayer, municipality or taxing district shall have
14 a grievance described under the provisions of K.S.A. 79-1701 or 79-
15 1701a, and amendments thereto, which is not remediable thereunder solely
16 because not reported within the time prescribed therein, or which was
17 remediable thereunder and reported to the proper official or officials
18 within the time prescribed but which has not been remedied by such
19 official or officials, such grievance may be presented to the state court of
20 tax appeals and if it shall be satisfied from competent evidence produced
21 that there is a real grievance, it may direct that the same be remedied either
22 by canceling the tax, if uncollected, together with all penalties charged
23 thereon, or if the tax has been paid, by ordering a refund of the amount
24 found to have been unlawfully charged and collected and interest at the
25 rate prescribed by K.S.A. 79-2968, and amendments thereto, minus two
26 percentage points.

27 In all cases where the identical property owned by any taxpayer has
28 been assessed for the current tax year in more than one county in the state,
29 the court is hereby given authority to determine which county is entitled to
30 the assessment of the property and to charge legal taxes thereon, and if the
31 taxes have been paid in a county not entitled thereto, the court is hereby
32 empowered to direct the authorities of the county which has so unlawfully
33 collected the taxes to refund the same to the taxpayer with all penalties
34 charged thereon.

35 No tax grievance shall be considered by the state court of tax appeals
36 unless the same is filed within four years from the date the tax would have
37 become a lien on real estate.

38 In all cases where an error results in an understatement of values or
39 taxes as a result of ~~a mathematical miscalculation on the part of a county,~~
40 *the correction of the clerical errors listed in subsection (a), (c), (f) or (g)*
41 *of K.S.A. 79-1701, and amendments thereto*, the state court of tax appeals,
42 if it shall be satisfied from competent evidence produced that there is an
43 understatement as a result of a clerical error, may order an additional

1 assessment or tax bill, or both, to be issued so that the proper value of the
2 property in question is reflected, except that, in no such case shall the
3 taxpayer be assessed interest or penalties on any tax which may be
4 assessed. No increase shall be ordered to correct such error that extends
5 back more than two years from the date of the most recent tax year. If such
6 error applies to property which has been sold or otherwise transferred
7 subsequent to the time the error was made, no such additional assessment
8 or tax bill shall be issued.

9 Errors committed in the valuation and assessment process that are not
10 specifically described in K.S.A. 79-1701, and amendments thereto, shall
11 be remediable only under the provisions of K.S.A. 79-2005, and
12 amendments thereto.

13 Sec. 9. K.S.A. 79-304 and 79-1475 and K.S.A. 2011 Supp. 74-2433f,
14 79-1448, 79-1460, 79-1609, 79-1701a and 79-1702 are hereby repealed.

15 Sec. 10. This act shall take effect and be in force from and after its
16 publication in the statute book.