

Understanding The Why... Kansas Mass Appraisal History & Process

The role of a Kansas County Appraiser is often misunderstood by the people they serve. Some believe they are solely responsible for assessing their property taxes. Some believe that they do all this on a whim. Most simply do not know what a County Appraiser does and/or how their work is done. Unfortunately, this leads to all sorts of opinions about property assessments that are likely not based on facts. To better understand what County Appraisers do, it is important to know how their role has evolved over the years, as their duties were put in place per Kansas State law and an overview is as follows.

The original Kansas Constitution provided that there should be uniform and equal taxation of all property. All property, both personal and real, was taxable unless specifically exempted by statute. Over the years, exemptions for properties owned by entities such as State and Municipal, Non-profits, and charities became exempt by Legislative action.

Originally, all personal property including household furniture and belongings, livestock, grain inventory, farm equipment, business inventory, business equipment, vehicles, trailers, watercraft, and mobile/manufactured homes was considered taxable. Counties were mandated to value all real and taxable personal property each year. While this continued for several decades, concerns began to arise that counties were not all achieving the standard of fair market value. Some counties had not kept up with market value due to their concerns that doing so may put them at a competitive disadvantage, even though the Legislature repeatedly directed all property in their respective counties to be reappraised.

This then led to the Legislature mandating a statewide reappraisal of all real estate back in 1963. Although most Kansas counties complied, some were very slow to act, and a few still had not completed their reappraisals many years later. As a result, in 1978, the legislature decided counties should not use the reappraisal values until all the remaining counties had complied.

At this point, there remained no standard for fairness and equity in the property tax formula. Many times, similar properties within the same taxing jurisdiction had very different property values, leading to disparities in property taxes among properties. Eventually, there were complaints from property owners, especially homeowners, who account for the large majority of taxable real estate parcels statewide. Many concerns/complaints then led the Legislature to conclude that a Constitutional Amendment was needed to ensure fairness and equity in the property tax formula.

In November 1986, Kansas voters overwhelmingly passed a Constitutional Amendment for a statewide reappraisal, unanimously passing by 70%. The measure included classification rates for real estate and personal property, as well as exemptions for livestock, farm equipment, grain inventory, and business inventory. In addition, all properties were to be valued at a fair market value, with the exception of agricultural land. The implementation date was set for January 5, 1989, and counties were mandated to have their reappraisals completed by that date for the 1989 property tax values.

Since then, all counties have continued to reappraise on an annual basis. The date of the appraisal is January 1 each year, with a notice of value being mailed to real estate property owners by March 1 and an informal appeal process follows the mailing. The Property Valuation Division (PVD), a division of the Department of Revenue, is tasked as the oversight agency with making sure all 105 counties continue to follow the constitution and statutes for the appraisal of a property. These provisions put in place provide assurances the counties are reappraising annually and appraising at fair market value accordingly.

One of the key measurements of compliance is the statewide ratio study for real estate. PVD conducts an annual ratio study for each County. Ratios are calculated for properties that have been sold, by dividing the County's value by the sale price.

Example: \$200,000 County Value / \$210,000 Sale Price = 95% Ratio

PVD then compiles the ratios for each County and calculates a median (mid-point) ratio for the residential class of properties and a median for commercial as well. According to the statute, the median ratio for each of the two property types must be within a range of 90% to 110% each year. The ratio standards, adopted by the International Association of Assessing Officers (IAAO) ensure counties follow market sales trends of properties each year.

Procedural Compliance is another compliance measurement tool for PVD. In Procedural Compliance, PVD sets out a schedule of timelines for appraisal work to be completed for their appraisal studies, property valuation, mailing the notices of value, informal appeals, etc.... PVD then grades the County's performance in these areas to ensure Appraisers follow State mandates, IAAO Standards, and the Uniform Standards of Professional Appraisal Practice (USPAP). Counties can be deemed out of statistical compliance for failure to meet the Ratio Study Standards and they can be deemed out of compliance for failure to meet Procedural Compliance Standards. If that happens, PVD can step in and take the necessary measures to meet standards.

The IAAO Standards and USPAP Standards are included in Kansas statutes. They are the tightest standards in the mass appraisal industry, among the very best in the nation for ensuring fairness and equity in the property tax formula. Kansas County Appraisers are also held to the highest professional standards. The standards for qualifications are outlined in the statute. County Appraisers must have completed the State's eligibility exam for County Appraisers and hold at least one of the following designations to include either the RMA – Registered Mass Appraiser or Kansas General Certified Appraiser. The licensing requirements include many hours of tested course study with a minimum of 6,000 hours of experience as an Appraiser. In addition, continuing education is a requirement that coincides with the four-year appointment cycle, when County Appraisers are up for reappointment by their local County Commission.

Unfortunately, many property owners do not have a complete understanding of the role of the County Appraiser. Many have forgotten or do not know about the reasons for the annual reappraisals. Many constituents believe property assessments result in property tax increases; however, that is not necessarily the case.

Kansas County Appraisers and their staff are only concerned with doing accurate appraisals of properties, to ensure the property tax formula is fair and equitable by appraising properties at fair market value. Local units of government and the State (*to a lesser degree*) are responsible for determining the level of taxation. School Boards, City Commissions, County Commissions, Townships, and other taxing jurisdictions/districts have the tough job of deciding what is needed for their constituents and how to pay for those services through their budget process.

For additional insights into what appraisers do, visit the Appraiser's Office website. Appraisers are involved in a never-ending quest for fairness and equity by determining accurate property values. The standards outlined in statutes and our State Constitution ensure a continual process for this and the Compliance tests performed by the Property Valuation Division (PVD) each year ensure Appraisers meet those Standards.

The appraisal process in Kansas was enacted by the vote of the people. It is a system that was put into place to address past concerns over fairness and equity. County Appraisers take pride in continually striving to do their best in maintaining fairness and equity, which is what taxpayers should demand and expect.