



Appraisal Newsletter

Brad Eldridge, MAI, CAE
Interim County Appraiser

Volume 27, Issue 11

July 18, 2023

VALUATION NUMBERS REPORTED

The Appraiser’s Office certified the 2023 real estate and personal property values to the County Clerk on Tuesday, May 30, 2023. The county’s total 2023 assessed value, including state assessed property, is \$1,971,309,208 compared to \$1,771,933,687 in 2022. This represents an increase of approximately 11.3%. Following is a breakdown of the 2023 numbers at certification compared to the same time frame in 2022:

| Category | 2022 Assessed Value | 2023 Assessed Value | % Diff. |
|--------------------------|------------------------|------------------------|--------------|
| Real Estate | \$1,624,050,541 | \$1,777,839,115 | 9.5% |
| Personal Property | \$18,350,513 | \$19,046,140 | 3.8% |
| State Assessed | \$129,532,633 | \$174,423,953 | 34.7% |
| Total | \$1,771,933,687 | \$1,971,309,208 | 11.3% |

The total real estate value is shown without the portion that is rebated through TIF (Tax Increment Financing) projects. There are several appeals still awaiting hearings or decisions at the Kansas Board of Tax Appeals. Therefore, the real estate value could change slightly by November.

The personal property numbers will continue to fluctuate as the Appraiser’s Office continues to work the “failure to file” renditions. These are personal property owners who filed a personal property return in 2022 and have not filed one yet in 2023.

The assessed value for new construction in the county totaled \$20,956,204, an increase from \$14,740,876 in 2022.

2023 SALES INFORMATION UPDATED

Overall sale volume has decreased from 2022 to 2023. To-date in 2023, the office has processed 710 sales validation questionnaires.

Since January 1, 2023, the office has processed a total of 669 sales, with 366 valid existing residential home sales.

The 2023 year-to-date average sale price for the existing residential home sales is \$336,690, which is 9% higher than the same time frame in 2022 at \$308,051. The 2022 mid-year average was 10% higher than mid-year 2021 at \$279,843. The average is influenced by the size, type and range of sale prices of the homes selling.

To date, staff has verified 24 valid new home sales. The average sales price of the new homes is \$478,005, which is up from \$428,270 in mid-2022.

There have been five valid commercial property sales. The average sale price is \$1,317,000, which is \$1,248,875 compared to \$851,478 at the same point in time last year.

The Appraiser’s Office is reviewing these sales as we prepare for the 2024 tax year valuation. It is still very early in our analysis—too early to make any predictions for 2024.

PERSONAL PROPERTY ACTIVITY

The personal property staff is continuing to work on this year’s “failure to file” renditions. A total of 3,254 renditions were not filed by the filing deadline, March 15. Of those, 2,089 are still outstanding. The staff prepares a rendition based on the previous year’s information and mails it to the property owner for their review.

Property owners may also file a rendition if they did not receive one in the mail. It is the responsibility of the taxpayer to list taxable personal property with the County Appraiser. However, the County Appraiser must try to make sure that all property is listed if possible.

As of the June 1 certification date, the penalty valuation was \$61,342 in assessed value.

There were 101 taxpayers that requested informal hearings for their 2023 personal property valuation, which is an increase from the six owners who appealed in 2022. These were conducted via telephone and involved two mobile homes, two oil & gas, 15 individual property and 82 watercraft accounts. We are still processing the results. The personal property has been reduced \$21,662 in appraised value so far.

THE AD VALOREM TAX SYSTEM

An ad valorem tax is based on the value of a property. In Kansas ad valorem tax is imposed on real and personal property in order to provide revenue for state, county and municipal governments, as well as public school systems.

The process starts with the valuation of property by the County Appraiser. This process is a separate function from the tax amount calculation.

Values are established for all taxable property as of January 1 of each tax year. The valuation process for *real property* spreads across a full year:

| | |
|-----------------------|--|
| February-July: | Data Collection |
| August-Nov: | Market Analysis and Model Calibration |
| Nov-Jan: | Setting Values (Final Review) |
| Jan-Feb: | Quality Control Checks on Values |
| March 1: | Change of Value Notices (CVNs) Mailed |
| March-May: | Value Appeal Hearings |
| June 1: | Final Values Certified to County Clerk |

The valuation cycle for *personal property* is similar to real property and relies on property renditions that are mailed to the property owner and due back to the Appraiser's Office by March 15. Renditions are forms that document information about the personal property asset, which are filled out and provided by the owner.

The *data collection* phase involves reviewing, verifying and collecting data about each property. This includes physical reviews, verifying or measuring the improvements on the property and determining the quality and condition of those structures.

Staff also performs market studies on each property type to collect sale, rent and cost data used in the valuation analysis. Sales are verified to determine if they represent the typical transaction for a particular type of property or the location.

Staff will also gather information about rents and expenses to help determine what the typical market is paying and receiving. All of this information is analyzed to determine what the typical fair market value for different types of properties might be.

Our office is beginning to wrap up the data collection phase and transition to the *market analysis and model calibration* phase. Valuation models are built using statistical analysis and testing to arrive at a reliable indication of market value. The goal of the model calibration is to result in values that are within 10% of an actual sale price.

Once the value models are calibrated to result in accurate indications, they are applied to each real property record in the county. Then each property is reviewed by the appraisal staff to check and verify the reasonableness of the indicated values.

Residential properties are generally valued using comparable sales. On the other hand, commercial properties are typically valued by the income approach, which looks at value from a landlord or investor's perspective. A cost approach is also developed for nearly all real property parcels.

Personal property that is not valued as "tagged and taxed" (you pay taxes when you get the tag) are typically valued using published value guides, cost schedules and other market data. This is a continual, on-going task for the office, as property is bought, sold and moved in/out of the county.

Once the values have been selected for each property, a quality control check is performed. Values are tested for consistency among property types, by location and in consideration of various property characteristics.

When the values are satisfactory, the Change of Value Notices (CVNs) are produced and sent to each property owner on March 1. Taxpayers have the opportunity to appeal the value by filing a request by March 30.

After all appeal decisions are finalized, the values are certified with the County Clerk by June 1. The certified assessed values reflect the tax roll for that tax year and are used to reconcile the budgets for various taxing entities, such as the counties, cities, townships, cemeteries, drainage districts, fire districts, libraries and school districts.

The total property value in these districts is used as the tax base to reconcile budget needs and is calculated as a mill levy.

The values estimated by the Appraiser's Office are not responsible for the resulting property tax bill. The budgets set by all the taxing districts and the corresponding mill levies establish the tax bill.

The budget establishes the size of the whole pie and each property value determines the proportion for that slice of the pie.



In 2021, the Kansas Legislature passed the Truth in Taxation bill that included the requirement to mail notices regarding a Revenue Neutral Rate and public meetings regarding proposed budgets.

The *revenue neutral rate* is the mill levy rate that would generate the exact same amount of property tax revenue as the year before, using the current tax year's total assessed value.

The Revenue Neutral Rate letters will be mailed out by the County Clerk in August with a schedule for public hearings for each taxing district.