



Appraisal Newsletter

Douglas County Kansas

Steven Miles, RMA
County Appraiser

Volume 21, Issue 6

March 1, 2017

CHANGE OF VALUE NOTICES

The 2017 change of value notices were mailed to Douglas County real property owners on Tuesday, February 28. Property owners wanting to appeal their value have until Thursday, March 30 at 5 p.m. to request an informal meeting with the appraiser's office. Those wanting to appeal will need to fill out the appeal request form on the back of the change of value notice. Informal meetings will begin the week of March 20. All of the hearings will once again be held in the basement of the county courthouse at 1100 Massachusetts. The number of informal hearings held in the spring of 2016 was 497 compared to 788 in 2015. There were 783 appeals in 2014 but only 409 informal hearings in 2013. In 2012 there were 1,101; 2011 had 1,229; 848 in 2010; 1,291 in 2009; 865 in 2008; 1,370 in 2007; 1,059 in 2006; 1,204 in 2005; 1,012 in 2004; 1,376 in 2003; 1,135 in 2002; 1,872 in 2001; 1,607 in 2000; 1,417 in 1999; 1,882 in 1998; 1,560 in 1997; 1,770 in 1996 and 3,400 in 1995.

VALUATION SUMMARY

The total real estate assessed valuation for 2017 as of February 22 was \$1,197,878,064 compared to \$1,121,055,020 in 2016. This represents an increase of \$76,823,044, approximately 6.8 percent. Much of the increase was due to new construction, reclassifying properties and an increase in the agricultural use values. The assessed value was \$1,080,475,303 in 2015; \$1,046,928,664 in 2014; \$1,024,482,341 in 2013; \$1,027,525,329 in 2012; \$1,029,019,175 in 2011; \$1,017,646,088 in 2010; \$1,009,314,695 in 2009; \$1,010,660,885 in 2008; \$987,945,225 in 2007 and \$943,941,290 in 2006. The assessed value in 2005 was \$880,538,982; \$810,348,940 in 2004; \$749,339,690 in 2003; \$693,011,825 in 2002; \$644,097,660 in 2001; \$585,509,265 in 2000; \$530,113,055 in 1999; \$499,009,715 in 1998; \$451,600,000 in 1997 and \$409,500,000 in 1996. Following is a breakdown of the property assessed values by class for 2017:

Property Class	2017 As'd Value	2016 As'd Value
Residential	\$806,069,222	\$755,358,018
Farmstead	\$38,483,858	\$36,397,856
Vacant	\$18,123,477	\$16,732,742
Agricultural	\$20,803,239	\$19,292,489

Property Class	2017 As'd Value	2016 As'd Value
Commercial	\$313,732,060	\$292,640,904
Not for Profit	\$595,231	\$574,919
Other	\$70,977	\$58,092
Total	\$1,197,878,064	\$1,121,055,020

Based on past experience, the county can expect to see the real estate valuation drop approximately one percent during the informal and formal hearing processes. However, the assessed value only decreased about 0.8 percent in 2015. The informal hearings are those held with staff members from the county appraiser's office. The formal hearing process includes the hearings that are filed with the small claims and regular division of the State Board of Tax Appeals in Topeka.

The real estate assessed valuation is only a portion of the taxable valuation on which the mil levies are calculated. The state assessed valuation and personal property valuations have an impact on the total valuation. Typically, these two continue to decline from year to year.

PERSONAL PROPERTY REPORTING

The deadline to file 2017 personal property renditions is Wednesday, March 15 at 5 p.m. Oil and gas renditions must be filed on or before April 3. To date approximately 2,821 or 35 percent of the 7,903 renditions mailed by the county have been returned to the appraiser's office. About 5,080 renditions are still outstanding. Over 60 oil and gas renditions will be mailed to producers and owners. Late filings are subject to a penalty.

Penalties for late filings are five (5) percent per month up to a maximum of 25 percent. The penalty for failing to file a personal property rendition is 50 percent. The Appraiser's Office will send letters to those who have not filed reminding them to avoid unnecessary penalties by returning the rendition.

2017 SALE INFORMATION REPORTED

The appraiser's office has already begun tracking the new 2017 sales in the county. The number of sales validation questionnaires worked by the sales department since January 1 is 196 which involved 224 parcels. This number is up slightly from 2016 when 184 sale questionnaires involving 195 parcels were worked during the same time frame.

The average sale price for the valid residential sales to this time in 2017 is \$215,046 compared to \$196,350 in 2016. The average sale price is an indicator of the types or price ranges of the homes that sold and not an indicator of sale price trends. In 2015 the average sale price was \$188,176; compared to \$198,400 in 2014; \$185,840 in 2013; \$179,660 in 2012; \$212,340 in 2011; \$170,200 in 2010; \$174,400 in 2009; \$191,200 in 2008; \$188,600 in 2007; \$184,620 in 2006; \$176,900 in 2005; \$165,200 in 2004 and 2003; \$148,800 in 2002; \$139,160 in 2001 and \$132,500 in 2000. The average selling price for 1999 was \$125,900.

FAIR MARKET VALUE

The Kansas statutes state that all taxable properties are to be valued for ad valorem tax purposes at “fair market value”. But what exactly is fair market value? Often times it is loosely translated as the price at which something will sell for. However, that translation does not go far enough. The actual sale price, or what was paid for the property, may not truly be the fair market value. The “actual selling price” is the observed selling price represented by cash or the equivalent units in a transaction. Only when that transaction meets the requirements of a market value exchange can that actual selling price also represent the fair market value. K.S.A. 79-503a states that “*Fair market value*’ means the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion”. Another definition of fair market value that mass appraisal recognizes is “The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgably, and assuming the price is not affected by undue stimulus”. Sales that have resulted from the foreclosure process, either purchases from a bank or an owner facing foreclosure, fall into the category of being “affected by undue stimulus”. If not for the pressure to remove the REO from the banks inventory or the owner facing foreclosure complications, the property would most likely sell at a price similar its neighbors not similarly affected; it’s true fair market value. In mass appraisal for ad valorem purposes, market value is a conclusion derived from observing a number of arm’s length sales. The actual sale price is a fact about one particular property that may or may not reflect the fair market value for that or similar properties.

VALUATION APPEALS

One of the procedures that allows a property owner to voice disagreement with the valuation the county has arrived at as of January 1 of each year is the informal meeting with the County Appraiser’s staff. This does require the filing of forms in order to document the request and related actions. During this meeting, the appraiser will explain the appraisal process and review the characteristics of the property. Additionally, they will explain the method and reasoning that went into the selection of the value in question. The property owner also has

the opportunity point out differences in the characteristics, suggest other comparable sales or pertinent evidence and gain a better understanding of the process.

For the past several years, the number of informal meetings has held steady at around 3-5 per cent of the total parcel count in the county. For the 2016 tax year, there have been 673 informal meetings (including PUP) scheduled or approximately 1.7 percent of the total population. Of those 286 received some form of adjustment, 300 were not changed and 87 are awaiting decisions. The latter ones are Payment Under Protest appeals filed after the first half of the taxes were paid recently.

This year informal meetings will begin on or about March 20. We are obligated by statute to make any decisions on those meetings no later than May 20. Typically, we will make every effort to notify owners of a decision on their property within two to three weeks after the actual meeting date. However, there may be some that require more time to reconcile. Options exist for owners to meet with staff in person or by telephone. Property owners may contact the Appraisers Office for documentation or assistance in preparing for their meeting.

MEDIAN RESIDENTIAL VALUES

A study recently conducted by the county appraiser’s office indicates that the median market value for all residential property, four living units or less, in the county for the 2017 valuation year is approximately \$171,200 compared to \$165,000 in 2016; \$161,300 in 2015; \$159,200 in 2014; \$157,000 in 2013; \$160,800 in 2012; \$164,100 in 2011; 162,000 in 2010; \$162,000 in 2009; \$164,900 in 2008 and 2007; \$160,000 in 2006; \$150,000 in 2005; \$145,000 in 2004; \$133,000 in 2003; \$121,000 in 2002; \$117,500 in 2001 and \$105,720 in 2000. The median market value for all residential parcels in the City of Lawrence in 2016 is \$167,100. The median residential market values for the cities in Douglas County are listed below:

<i>Cities</i>	<i>Median market value</i>	<i>2016 Median</i>
Baldwin	\$148,300	\$144,350
Eudora	\$147,700	\$142,650
Lecompton	\$114,580	\$110,700
Lawrence	\$173,100	\$167,100
N Lawrence	\$121,750	\$118,800
Rural	\$229,650	\$217,930

The median market values for residential properties in the following school districts are:

<i>School district</i>	<i>Median value</i>	<i>2016 Median</i>
U.S.D 497 (Lawrence)	\$172,515	\$165,400
U.S.D. 491 (Eudora)	\$156,600	\$149,240
U.S.D. 348 (Baldwin)	\$169,800	\$162,100
U.S.D. 343 (Lecompton)	\$196,820	\$175,830