



# Appraisal Newsletter

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## 2022 FINAL REVIEW BEGINS

The final review to establish values as of January 1, 2022 begins later this month. Five (5) staff appraisers will be working on the residential and agricultural properties while two (2) staff appraisers will work on commercial properties. The final review process is scheduled to be complete by January 31, 2022. The purpose of final review is to establish the fair market value for each parcel of real estate.

The county, as of October 29, 2021, has 41,244 parcels that will be reviewed and valued for 2022. The office is in the final stages of preparation for this task. The mix of parcels includes:

| Type                  | Urban         | Rural        | Total         |
|-----------------------|---------------|--------------|---------------|
| Residential           | 28,545        | 3,142        | 31,687        |
| Farm with home        | 265           | 1,455        | 1,720         |
| Agricultural          | 483           | 2,417        | 2,900         |
| Vacant Lots           | 1,463         | 650          | 2,113         |
| Commercial/industrial | 1,423         | 97           | 1,520         |
| Exempt                | 928           | 316          | 1,244         |
| Not-for-profit        | 10            | 1            | 11            |
| Other                 | 2             | 2            | 4             |
| Utility               | 25            | 20           | 45            |
| <b>Total</b>          | <b>33,144</b> | <b>8,100</b> | <b>41,244</b> |

Change of value notices will be mailed to all Douglas County property owners by March 1, 2022. Property owners will have until March 30, 2022 to appeal the 2022 valuation.

The personal property division is adding newly acquired assets to existing and new accounts for the tax year 2022. We anticipate mailing approximately 7,300 personal property assessment forms or renditions by the first week of January 2022. To avoid filing penalties, the forms must be returned to the Douglas County Appraisers Office on or before March 15, 2022.

## 2021 SALES DATA REPORTED

During October the appraiser's office worked 157 Sales Validation Questionnaires (SVQs) involving 141 parcels compared to 262 SVQs and 224 parcels in October 2020. To date in 2021 the office has worked 2,485 SVQs involving 2,232 parcels compared to 2,378 SVQs and 2,204 parcels for the same time period in 2020.

The average sales price for existing housing is \$347,082, up from \$282,385 in 2020. The current median residential sales

ratio on valid sales is 83.78 percent compared to 93.07 percent at this time in 2020. The lower sales ratio for 2021 indicates that sale prices in 2021 exceeded the January 1 valuation.

Commercial sales picked up in 2021 compared to 2020. There have been 66 valid or potentially valid commercial sales to date compared to 45 commercial sales at this time in 2020. The current median commercial sales ratio on 26 valid sales is 77.96 percent.

## BUILDING PERMIT ACTIVITY

The City of Lawrence issued permits for 137 new single family residences, 23 new multi family structures, and 20 new commercial structures since the first of this year. During the month of October there were 10 new single-family permits issued.

The county has issued 38 new single family permits and 1 new commercial permit this year.

In Eudora, a total of 6 single family building permits have been issued YTD through October. There were 2 commercial permits issued.

## 2021 MILL LEVIES ESTABLISHED

Following is a list of some of the mill levies for 2021. The individual mill levies are used to establish the individual tax bills. Mill levies changed between -3.067 and 11.063 mills per \$1,000 assessed value across the county. The formula to calculate the tax bill is:  $mill\ levy \times (assessed\ value / 1,000) = tax\ bill$ .

|                  | 2021    | 2020    | 2019    |
|------------------|---------|---------|---------|
| <b>Lawrence:</b> |         |         |         |
| Tax Unit 041     | 135.049 | 134.370 | 134.233 |
| Tax Unit 042     | 135.992 | 135.363 | 135.257 |
| Tax Unit 043     | 135.049 | 134.370 | 134.233 |
| Tax Unit 044     | 138.463 | 137.190 | 136.812 |
| Tax Unit 048     | 135.946 | 135.231 | 135.125 |
| Tax Unit 051     | 135.925 | 135.315 | 135.212 |
| Tax Unit 054     | 137.120 | 136.382 | 136.245 |
| <b>Eudora:</b>   |         |         |         |
| Tax Unit 020     | 161.374 | 160.453 | 162.418 |

|                   |         |         |         |
|-------------------|---------|---------|---------|
| <b>Baldwin:</b>   |         |         |         |
| Tax Unit 001      | 155.022 | 156.309 | 156.313 |
| <b>Lecompton:</b> |         |         |         |
| Tax Unit 080      | 139.465 | 138.194 | 137.875 |

Mill levies for tax units that are not shown are available upon request or on the Douglas County website.

### **2021 EFFECTIVE TAX RATES SET**

The effective tax rates for 2021 have been established by the appraiser’s office. These rates will be used in some calculations for the 2022 valuation. The effective tax rate is one of the components of the capitalization rate which is used in the income approach to value. The county uses the income approach to value for many of the commercial properties and some residential income producing properties such as apartments.

The effective tax rate expresses the relationship between the property value (market value) and the tax bill. For example, if the effective tax rate is three (3) percent, the taxes on an individual property would be approximately three (3) percent of the property’s market value. One way to calculate the effective tax rate is to multiply the tax rate (the mill levy) times the level of assessment (classification rate). For example, the effective tax rate for commercial property is calculated by multiplying the mill levy for each taxing district by the classification assessment rate (25 percent).

$$.135049 \text{ (Lawrence mill levy/\$1)} \times .25 \text{ (classification rate)}$$

The assessment rate for all residential property is 11.5 percent of the appraised value and commercial property is assessed at 25 percent of the appraised value. Agricultural land is assessed at 30 percent of appraised use value.

Following is a partial list of the effective tax rates that will be used in the 2022 valuation process:

| Tax Unit             | Effective Tax Rate |      |             |      |
|----------------------|--------------------|------|-------------|------|
|                      | Commercial         |      | Residential |      |
|                      | 2021               | 2020 | 2021        | 2020 |
| 001 (Baldwin)        | 3.88               | 3.91 | 1.78        | 1.80 |
| 020 (Eudora)         | 4.03               | 4.06 | 1.86        | 1.85 |
| 041 (Lawrence)       | 3.38               | 3.36 | 1.55        | 1.55 |
| 048 (North Lawrence) | 3.40               | 3.38 | 1.56        | 1.56 |
| 051 (Lawrence)       | 3.40               | 3.38 | 1.56        | 1.56 |
| 054 (Lawrence)       | 3.43               | 3.41 | 1.58        | 1.57 |
| 080 (Lecompton)      | 3.49               | 3.45 | 1.60        | 1.59 |

### **2021 PERSONAL PROPERTY VALUATION**

Each year a penalty is assessed to personal property owners who fail to file their personal property renditions by the deadlines established by the Kansas statutes. Kansas is a self-reporting state when it comes to personal property per K.S.A.

79-303. This is because personal property is numerous and typically not visible from the exterior of buildings. It also has a shorter life and is more easily traded, sold or scrapped. A rendition is considered late if it is filed after March 15 of each year. The amount of the penalty is specified in the statutes based on how late the rendition is filed with the county appraiser’s office. The total amount of the penalties assessed on personal property in 2021 total to \$2,139,470. As one can see it is of utmost importance that owners/taxpayers file their personal property renditions in a timely manner.

The total personal property assessed value for 2021 is currently \$23,436,331 with penalties included. Without penalties the assessed value is \$21,296,861. In 2020 the assessed value with and without penalties was \$20,937,390 and \$19,664,802 respectively. This represents an increase of about 8.3% in personal property assessed value without penalties year over year. The increase is due to some potentially exempt property that has not been granted the exemption yet.

Typically there is a decline largely due to the loss from businesses purchasing new equipment and disposing of older, taxable equipment. This is a result of the exemption for equipment purchased after July 1, 2006 which took effect after passage by the state legislature. This decline will likely continue into the future as equipment is replaced or businesses are sold to new owners or go completely out of business. There have been other changes to the personal property tax laws that have also had an effect on the decline.

Personal Property is an on-going process and will cause the values to change slightly by the time tax bills are sent to property owners.

### **2021 REAL ESTATE VALUATION CHANGES**

The total valuation of real estate established in March is usually different by the time the tax bills are calculated and mailed in November. The valuation can be challenged at various times during the year. The first opportunity is in the spring after the Change of Value Notice has been mailed to owners. The second opportunity does not occur until after the tax bills are sent in November. There are circumstances that may also cause a value correction during the year that may be reflected in value changes by this time. Such things may include exemption orders or the discovery of errors.

Due to the results of valuation appeals, exemptions and other value changes, the assessed value typically will decline between 0.5% and 1.0%. The total real estate assessed valuation on February 22, 2021 was \$1,431,789,406. The total real estate assessed valuation currently stands at \$1,425,131,116. That’s a drop of \$6,658,290 or about 0.47%.