

# State of Kansas Property Tax Assessments Statutes

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## Basis for Property Tax Assessments – Market Value

Taxable property is assessed at its fair market value in money. Fair market value is defined as 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 (Sec. 79-503a, KSA). The sale is assumed to occur on January 1. Mining, oil and gas properties: Although the privilege of producing oil and gas from reserves in a given property is essentially an intangible, as a practical matter it is measured by annual production of the substance, which is taxed as personal property (Robinson v. Jones (KS SCt 1925) 119 Kan 609, 240 P 957) (Sec. 79-329, KSA). Factors taken into consideration in valuing oil and gas leases include the quality of the substance mined; the nearness of the wells to market; the costs of operation; the character, extent, and permanency of the market; the probable life of the wells; the quantity of oil or gas produced from the lease or property; the number of wells being operated; and any other facts that affect value (Sec. 79-331(a), KSA). Effective January 1, 2017, production information used to establish the fair market value of producing oil and gas leases that commenced production during the preceding calendar year must be limited to production occurring prior to April 1 of the calendar year in which the property is being assessed. Information used to establish the fair market value of any base lease or property producing oil and gas in economic quantities for the first time on and after October 1 of the preceding calendar year is limited to production occurring prior to July 1 of the calendar year in which the property is being assessed. (Sec. 79-331(d)(2), KSA).

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## Real Property Defined

Personal property generally is all taxable property other than real property. Whether a particular piece of property is real or personal property is a question of fact to be determined by a trier of facts (Opinion of the Attorney General, No. 96-60,7/17/96). Oil leases are taxed as personal property (Sec. 79-329, KSA). The leases of small oil producers, as defined by statute, are exempt, but the royalty interests are not (Sec.79-201t, KSA).

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## Intangible Property Taxes

Exempt, although counties and local districts are authorized to levy a tax on the gross earnings attributable to intangibles (Sec. 12-1.101, KSA, Sec. 79-3109c, KSA).

