Property taxes based on value

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Property taxes are figured on a formula based on the appraised value of residential, commercial, agriculture or other property. For most property, this is based on the market value, though farm and ranch land is valued on an income formula.

The assessed value is a percentage of the appraised value, and for residential property that is 11.5 percent. A house appraised at $75,000 would have an assessed value of $8,625 (11.5 percent).

Commercial property is assessed at 25 percent of the appraised value, so a business appraised at $100,000 would have an assessed value of $25,000. Agriculture buildings also are assessed at 25 percent.

Agriculture land is assessed at 30 percent of appraised value, but that value is based not on the market price, but on income potential under a state formula. Grassland has a state cap of about 11 percent based on a eight-year average of income.

Fairness is always a question when looking at property taxes, and whether the burden is being shifted from one group to another. Generally, Kansas officials have tried to keep the residential rate down while increases in commercial and agriculture valuations can help bring a county additional money.

In some cases, if a big business moved into a county, it could create a large increase in the total valuation, so each mill of property tax would bring in more money without increasing rates. That would create a windfall for the county. However, decreases in total valuation reduce the amount each mill produces and that shrinks the county's income and may force the commissioners to spend reserves to keep the property tax down – or to increase the levy to pay for what they feel are essential services.

Sherman County's total valuation has risen $14,005,001 over 20 years. It was $49,444,785 in 1990, $64,782,997 in 2000 and $63,449,786 in 2010. The increase in total value from 1990 to 2000 was $15,338,212 and represented a 31 percent increase in those 10 years. Part of that increase was the arrival of Walmart in 1997.

The total value of the county reached a high of $66,146,389 in 2003 before dropping to $63,449,786 in 2010. The drop was $1,333,211 or 2.1 percent. Figured from the high point in 2003, the total county value has dropped 4 percent.

The national recession and closings of stores and motels have adversely affected county valuation. With the recent reopening of some motels and some new construction, area counties can hope to reverse the trend in the next few years.

County government pays for programs and departments, everything in the courthouse, including the county clerk, treasurer, register of deeds, county attorney, county assessor, district court and court services.

Other county departments may include road and bridge, county health, county hospital maintenance, noxious weeds, library, cemetery, county home, maintenance and bond and interest to pay for borrowing.

In years past, part of the "other income" was money from the state for revenue sharing to counties and cities and for Local Ad Valorem Tax Reduction, based 65 percent on population and 35 percent on assessed valuation from the year before. During the last recession, in 2003, the state stopped making the transfers. With a hope of getting something back, most cities and counties leave a line in the budget for the transfer in case the state should be able to begin sending money again.

The basic steps to finding the county levy and figuring how that levy affects property taxes are:

Step one: The county appraiser assesses each property using formulas set by the state. Homes are valued by market appraisal, as are businesses and vacant, non-agricultural land. The state sets utility values, while oil and gas values are based on production. Farm and ranch land is valued on a state-set formula based on production potential.

Step two: The appraised value of each property is multiplied by the assessment rate for that class of property to get the assessed value.

Step three: The county budget is approved and the total amount of tax dollars needed to pay county expenses is figured.

Step four: The total dollars needed is divided by the assessed property valuation of the county. That determines the levy required to pay for the budget.

Step five: The assessed value of each parcel is then multiplied by the countywide tax rate. The number calculated is the full-year property tax amount you owe the county.

(Cities and school districts set their own budgets. Their taxes appear on the county tax bill along with the county levy.)

On the Cover

Sherman County contract employee Darrel Schrader used a disc mower to cut weeds along Sherman County Road 78 west of K-27 in August. – Photo by Tom Betz/The Goodland Star-News