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## DIRECTIVE #19-038

**TO:** County Appraisers

**SUBJECT:** Classification – Real Property Used for Mixed Purposes  
*This Directive Supersedes Directive #92-022 and #99-038*

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This directive is adopted pursuant to the provisions of K.S.A. 79-505(a), and amendments thereto, and shall be in force and effect from and after the Director's approval date.

### Summary

Generally, real property should be classified based upon how it is used on January 1<sup>st</sup> utilizing information that is reasonably available to the county appraiser. If it appears that the property may be subject to mixed uses, it is prudent to contact the property owner or occupant for further information. Real property with varying uses may be assigned more than one classification. If the uses are so intermingled as to defy classifying identifiable, physical portions of the property, then the property should be classified based upon its predominate use. The county has the discretion to determine the appropriate level of detail to apply for classification purposes; however, we encourage efficient use of local resources. Even when mixed uses are recognized for classification purposes, the market value of the property should continue to be determined based upon its highest and best use.

### General Rule: Classify Property on January 1; Certain Exceptions

The county appraiser has the statutory duty to classify real property each year in accordance with K.S.A. 79-1439, which mirrors the classification system in Article 11, § 1 of the Kansas Constitution. Property should be assessed on an annual basis based upon the property's use on January 1<sup>st</sup>. Property such as agricultural land, which has seasonal uses typical to the trade that do not necessarily take place on January 1 or on a 12-month basis, shall be classified annually based upon the overall use during the prior year or operating period.

### Home Site Delineation; Land Devoted to Agricultural Use

The county appraiser shall not establish a "standard" size for home sites. Each tract must be considered individually and delineated as to what is actually being used as a home site.

K.S.A. 79-1476 was amended in the 2016 legislative session to provide:

If a parcel has land devoted to agricultural purposes and land used for suburban residential acreages, rural home sites or farm home sites, the county appraiser shall determine the amount of the parcel used

for agricultural purposes. The county appraiser shall then determine the amount of the remaining land used for such other purposes and value and assess that land according to its use.

Thus, it is not acceptable to delineate suburban residential acreages, rural home sites or farm home sites based on predominate use. The county appraiser shall determine the amount of the parcel used for agricultural purposes and then determine the amount of the remaining land used for other purposes; thus, creating a mixed use classification.

#### Information for Classification

The county appraiser shall annually classify property based upon information that is reasonably available. For example, the county appraiser may classify real property based upon viewing its exterior during the annual final review. Or, the county appraiser may classify real property based upon an interior inspection of public areas and/or an interview performed in conjunction with the re-inspection performed every 6 years. (K.S.A. 79-1476).

If the owner or an occupant of the real property provides reliable detailed information regarding the interior use of real property, the county appraiser may utilize the information to more precisely assess the property, just as the information can be used to more accurately value the property. The county appraiser should keep in mind his or her legal authority to make any changes in value or classification.

The county appraiser is not required to annually inspect the interior of every property in the jurisdiction in order to classify the property with a high degree of precision. However, if the county appraiser is aware that a property may have more than one use that could affect classification, it would be prudent to contact the owner for more information.

#### Real Property Subject to Mixed Uses

If real property is used for more than one purpose, it may have more than one classification. If specific portions of the real property cannot be identified as being used for specific purposes, then the real property should be classified based upon its predominate use. The county has the discretion to determine the appropriate level of detail needed for classification purposes. However, we encourage efficient use of local resources.

#### Valuation and Classification

Even when mixed uses are recognized for purposes of classifying real property, the county appraiser shall continue to determine the fair market value of the real property based upon its highest and best use. *Board of Douglas County Comm'rs v. Cashatt*, 23 K.A.2d 532, 933 P.2d 167 (1997) (property used for residential purposes classified as residential, but value as commercial, its highest and best use). The exception to this rule is land devoted to agricultural use, which by law is valued based upon its physical use. See Article 11, §12 of the Kansas Constitution, K.S.A. 79-1476, *Board of Johnson County Comm'rs v. Smith*, 18 Kan. App. 2d 662, 857 P.2d 1386 (1993).

Approved: April 30, 2019



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