

Property:

Kansas: Appellate Court Remands Big-Box Store Valuation Case in Light of Caselaw Involving Dark Store Theory

Case No. 124,621, Kan. Ct. App. (6/7/24). In an unpublished decision involving the property tax valuation of an in-state big-box retail store, the Kansas Court of Appeals (Court) agreed with the county appraiser that the Kansas Board of Tax Appeals' (BOTA) 2021 decision in favor of the taxpayer was invalid because it erroneously relied on an exclusionary rule set forth in a 2012 case that was subsequently overruled by the Kansas Supreme Court in 2022 "to the exclusion of other available evidence." The Court therefore remanded the case to the BOTA to reconsider the subject property's value without such limitations. In doing so, the Court explained that in 2022, the Kansas Supreme Court overruled the exclusionary rule established in the 2012 case that "rental rates from commercial build-to-suit leases do not reflect market conditions and may not be relied on by appraisers without adjustments." The Court explained that pursuant to the 2022 case, the Kansas Supreme Court now requires the BOTA "to engage in fact-finding as the highest administrative tribunal to determine the reliability of conflicting appraisals without the limitations set forth" in the 2012 case. Please contact us with any questions.

URL: <https://www.kscourts.org/KSCourts/media/KsCourts/Opinions/124621.pdf>

— Ted Kuch (New York)
Principal
Deloitte Tax LLP
tekuch@deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.