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2025 Year Feedlot Appraisal Guide January 2025

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2025 Feedlot Guide Changes

The following are notable changes in the guide:

- 1. Foreword added**
- 2. Real vs. Personal Property information added**
- 3. Updated Tables from previous year's guide**
- 4. Updated PVD Excel Workbook**

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DIRECTIVE #19-048

TO: County Appraisers

SUBJECT: Procedures and Guidelines for Valuing Property
(This Directive Supersedes Directive #17-048)

This directive is adopted pursuant to the provisions of K.S.A. 79-505, and shall take effect and be in force from and after the Director's approval date for the 2020 valuation year and all subsequent valuation years.

The county appraiser shall follow the policies, procedures and guidelines set forth in the Division of Property Valuation's specifications, manuals, guides, schedules, memoranda, regulations, directives and other instructions, as promulgated by the Director. *See* K.S.A. 79-1456; *In re Appeal of the Director of Property Valuation*, 14 Kan.App.2d 348, 791 P.2d 1338 (1989), *rev. denied* 246 Kan. 767 (1990).

If the director of property valuation has developed and adopted methodologies to value specific types of property, the county appraiser is required to follow such methodologies. K.S.A. 2018 Supp. 79-1456(a). The following guides set forth methodologies to value specific types of property:

- 1) Personal Property Guide
- 2) Oil and Gas Appraisal Guide
- 3) Grain Elevator Appraisal Guide
- 4) Commercial Feedlot Appraisal Guide
- 5) Affordable Housing Appraisal Guide

Some guides are revised annually and may set forth the valuation year (tax year) to which they apply. If a guide is not revised annually, then the county appraiser shall utilize the most current version of the guide which precedes the valuation date. The division of property valuation will notify county appraisers of proposed changes in guides and of the adoption of new or revised guides.

In valuing personal property required to be valued at fair market value, the county appraiser may deviate from the values shown in such guides on an individual piece of personal property for just cause shown and in a manner consistent with achieving fair market value. K.S.A. 2018 Supp. 79-1456(b).

In valuing real and personal property, the county appraiser shall interpret appraisal and valuation guides in a manner consistent with statutes. “To be valid, rules or regulations of an administrative agency must be within the agency's statutory authority. Rules or regulations that go beyond that authority, violate the statute, or are inconsistent with the agency's statutory powers are void. Further, administrative rules and regulations must be appropriate, reasonable, and consistent with the law.” *In re Tax Appeal of City of Wichita*, 277 Kan. 487, 495, 86 P.3d 513 (2004); *Wagner v. State of Kansas, et al.*, 46 Kan.App.2d 858, 862, 265 P.3d 577 (2011), *rev. denied* 294 Kan. 948 (2012).

The Orion computer assisted mass appraisal system is a tool for mass appraisal intended to facilitate performance of the three generally accepted appraisal methodologies of the sales comparison approach, the cost approach, and the income approach when data to perform each approach is readily available. When using the Orion computer assisted mass appraisal system for property required to be valued at fair market value, it is the responsibility of the county appraiser or appraiser’s designee to consider all applicable valuation methodologies and any other appropriate factors and then to select the best indication of fair market value based on appraisal judgment. *See* K.S.A. 2018 Supp. 79-503a; Uniform Standards of Professional Appraisal Practice (USPAP). The county appraiser is expected to follow professionally recognized methods and techniques in order to maintain a high level of public trust in the appraisal practice.



Approved: March 24, 2019

David N. Harper
Director of Property Valuation

Foreword

The Feedlot Appraisal Guide and corresponding Excel Feedlot Workbook have been prepared per the authority of the following statutes.

1. All property in this state, real and personal, not expressly exempt therefrom, shall be subject to taxation per K.S.A. 79-101.

K.S.A. 79-102 defines both real and personal property as:

“Real Property’, ‘real estate’, and ‘land’... shall include not only the land itself, all buildings, fixtures, improvements, mines, minerals, quarries, mineral springs and wells, rights and privileges appertaining thereto.”

“Personal Property shall include every tangible thing which is the subject of ownership, not forming part or parcel of real property...”

2. Each parcel of real property and all tangible personal property shall be appraised at fair market value per K.S.A. 79-501, except as provided in K.S.A. 79-1439.

K.S.A. 79-503a defines “Fair market value” 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 the parties are acting without undue compulsion.” The statute further states the appraisal process used in the valuation of both real and personal property shall conform to generally accepted appraisal procedures.

3. K.S.A. 75-5105a provides for the Director of Property Valuation Division (PVD), of the Kansas Department of Revenue (KDOR), to devise and prescribe uniform assessment tools and guides to assist the county appraiser in establishing market value for real and personal property. This includes the application of the current PVD Excel Feedlot Workbook which shall be utilized by county appraisers as the official valuation tool and format for these properties. Any deviation from the current workbook must be approved by the Director of Property Valuation.
4. The county appraiser shall first conform to the values of such property as determined by use of schedules or methods prescribed in the Feedlot Appraisal Guide and the current Excel Feedlot Workbook per K.S.A. 79-1412a.
5. K.S.A. 79-1456 requires the county appraiser to follow policies, procedures, guidelines, as well as, developed and adopted methods for specific types of property as directed by the Director of Property Valuation. The county appraiser

may then deviate from such guidelines on an **individual** property for just cause and in a manner consistent with establishing market value in accordance with the state statutes.

Thus, the county appraiser shall use the Feedlot Appraisal Guide and the current Excel Feedlot Workbook prescribed by the Director of Property Valuation. If the feedlot valuation estimated by use of the guide and current workbook does not reflect market value for an individual property in the judgment of the appraiser or the taxpayer, the appraiser has the authority to review and adjust the valuation to market value. Appropriate deviation from the guide and current workbook requires (i) just cause, (ii) on an individual property, and (iii) proper documentation. Any change made in the appraisal from the guide and workbook application must be supported by proper documentation and a copy of the valuation change must be furnished to the taxpayer in a timely manner sufficient to allow the taxpayer the right to appeal the valuation. Feedlot operator/taxpayer/tax representative requests for change from the guide and workbook value estimate must also be documented.

6. PVD Directive #19-048 requires the county appraiser to follow all policies, procedures, and guidelines set forth in the five named PVD guides, including the Feedlot Appraisal Guide.
7. Pursuant to KSA 75-5105a, the Kansas Department of Revenue, Division of Property Valuation prescribes and furnishes the Feedlot Appraisal Guide and current Excel Feedlot Workbook to all county appraisers. ***For copies, please contact the county appraiser's office for the county in which the property is located or download from <https://www.ksrevenue.gov/>***
8. The administration of the ad valorem property tax is the jurisdiction of the county appraiser's office, in and for the county, in which the feedlot is located. Any question or specific valuation concern should be directed to the county appraiser. Any equalization or payment under protest appeal should be scheduled with the county appraiser. For appeal information, please contact the county appraiser in which the feedlot is located or download information from <https://www.ksrevenue.gov/pvdforms.html>. Once connected to the site, scroll down to "Taxpayer Appeal Guides" then to "Property Tax Appeal Guides".

Real Property or Tangible Personal Property

It is the responsibility of the county appraiser to classify all real and personal property, taxable and exempt, per K.S.A. 79-1459. Classification for the purposes of ad valorem taxation is delineated in Article 11, Section 1 of the Kansas Constitution. Under this section, property subject to taxation is divided into two primary classes: 1) real; and 2) tangible personal property. Both classes contain several subclasses, each with its own assessment rate. Also see K.S.A. 79-1439.

Current law provides in part, “in determining the classification of property for ad valorem tax purposes, the county appraiser shall conform to the definitions of real and personal property in Kansas law and to the factors set forth in the personal property guide devised or prescribed by the Director of Property Valuation...” per K.S.A. 79-261(b)(1).

K.S.A. 79-102 defines both real and personal property as:

“‘Real Property’, ‘real estate’, and ‘land’... shall include not only the land itself, all buildings, fixtures, improvements, mines, minerals, quarries, mineral springs and wells, rights and privileges appertaining thereto.”

“Personal Property shall include every tangible thing which is the subject of ownership, not forming part or parcel of real property...”

It is sometimes difficult for the county appraiser to determine when property is personal property or real property, more specifically, when machinery or equipment becomes a fixture, hence real property. The Kansas Supreme Court has recognized the difficulty in separating real from personal property, particularly regarding fixtures. “It is frequently a difficult and vexatious question to ascertain the dividing line between real and personal property, and to decide on which side of the line certain property belongs.” *Atchison, Topeka & Santa Fe Railroad Co. v. Morgan*, 42 Kan. 23, 21P. 809, 811 (1889).

Where the proper classification of commercial and industrial machinery and equipment is not clearly determined from the definitions of real and personal property provided in Kansas law, the appraiser shall use the three-part fixture law test as set forth in the personal property guide prescribed by the Director of Property Valuation pursuant to K.S.A. 75-5105a(b), and amendments thereto, and shall consider the following:

- A. The **annexation** of the machinery and equipment to the real estate;
- B. The **adaptation** to the use of the realty to which it is attached and determination whether the property at issue serves the real estate; and

C. The **intention** of the party making the annexation, based on the nature of the item affixed; the relation and situation of the party making the annexation; the structure and mode of annexation; and the purpose or use for which the annexation was made.

[\[K.S.A. 79-261\(b\)\(2\)\]](#)

The answer must be “YES” to all three questions before it can be said that personal property has become a fixture and thus part of the real property.

The Kansas Court of Appeals has applied the 3-part fixture law test in a case pertaining to the value of property for ad valorem taxation purposes. In re: Equalization Appeals of Total Petroleum, Inc., 28 Kan. App. 2d 295, 16 P.3d 981 (2000). This case also illustrates a unique situation where the 3-part fixture law test was applied to determine that massive oil tanks and oil refinery towers were real property. In Total Petroleum, the court concluded that the tanks and refinery towers were real property after reviewing (1) annexation, (2) adaptability and (3) intent.

The key factors influencing the Total Petroleum court decision included:

1. The massive size of the tanks and towers, and how they were affixed to the land:
 - The tanks were built on-site by transporting huge pieces of sheet metal by semi-trucks and welding the metal into place until 3” thick.
 - The towers were 120’ tall and weighed 175,000 lbs. empty, without trays. They were installed 20’ below ground in concrete and rebar with 1 1/2” anchor pedestals and were built to withstand 100 mph winds.
2. The tanks and towers were not portable and were never moved.
3. The land on which the tanks and towers were affixed was devoted to the placement of an oil refinery. Some of the property associated therewith, including the towers and tanks at issue, were specifically constructed for placement on that particular piece of land.

Much of the property, including the tanks and towers, would have to be cut into pieces in order to be removed from the land. Furthermore, the removal would result in environmental contamination of the land, which would have to be treated.

Three-Part Fixture Law Test Examined

The determination of whether property is real or personal must be made on a case-by-case basis. The three tests that comprise the three-part fixture law test are: (1) annexation; (2) adaptation; and (3) intent.

Annexation of the machinery and equipment to the real estate: How is the item under consideration physically annexed to the real property? Would removing the item cause a reduction

in the fair market value of the realty? If so, the item may tend to be viewed as part of the real property. Would the item, once removed, require a significant amount of time or cost to restore the realty to its original condition? If so, the item may tend to be viewed as part of the real property.

Adaptation to the use of the realty to which it is attached: In the adaptability test, the focus is on whether the property at issue serves the real estate or a production process. For example, a boiler that heats a building is considered real property, but a boiler that is used in the manufacturing process is considered personal property.

Intent of the party making the annexation: Intent is based on the nature of the item affixed; the relation and situation of the party making the annexation; the structure and mode of annexation; and the purpose or use for which the annexation was made. K.S.A. 79-261(b)(2).

In other words, the appraiser should look at the objective data garnered from the first two tests, or from independent documents, which are documents prepared for purposes other than for a hearing on the issue of whether the property is real or personal. For example, a lease or financing agreement may reveal intent.

When classifying property for assessment purposes, the appraiser should examine all relevant factors and criteria. The information source, its applicability to the Kansas property tax laws and whether it can be used as a credible authority on appeal are all relevant factors to consider.

The basic factors for clarifying items as real or personal property are their designated use and purpose. The determination of whether property is real or personal must be made on a case-by-case basis. All three parts of the three-part fixture test must be satisfied for the item to be classified as real property per K.S.A. 79-261(b)(3).

Normally, the land and permanent structures on the land, mechanical and other features within the structure with a designed use for the safety and comfort of the occupants, and permanent land improvements added for the utilization of the land are considered real estate.

Items directly used for, and whose primary purpose is for a manufacturing process, are normally considered personal property. Personal property, by definition, includes all machinery and equipment, furniture, and inventory.

The following are standard references and should be recognized as general guidelines. Specific listed items may vary under certain conditions. The determination of whether property is real or personal must be made on a case-by-case basis and the three-part fixture test in K.S.A. 79-261 must be considered. The Division of Property Valuation may be of assistance for clarification when questions or uncertainties arise.

❖ **Improvements to Land Normally Considered Real Property**

Improvements ordinarily include retaining walls, piling and mats for general improvement of the site, private roads, paved areas, culverts, bridges, viaducts, subways, tunnels, fencing, reservoirs, dikes, dams, ditches, canals, private storm and sanitary sewers, private water lines for drinking, sanitary and fire protection, fixed wharves and docks, permanent standard gauge railroad tracks, and yard lighting.

❖ **Building Components Normally Considered Real Property**

Building and structural components ordinarily include foundation, walls, floors, roof, insulation, stairways, catwalks, partitions, loading and unloading platforms and canopies, systems designed for occupant comfort such as heating, lighting, air conditioning, ventilating, sanitation, fixed fire protection, and plumbing.

Grain Elevator Real Property vs Personal Property

The Kansas Court of Appeals released a ruling in July, 2022, finding that key components of a grain handling facility were personal property items and not fixtures. The appellate court utilized the three-part fixture test law in *Dodge City Cooperative Exchange v. Board of County Commissioners of Gray County, Kansas*, 62 Kan.App.2d 391,516 P.3d 615(2022), to determine that much of the elevator's commercial and industrial machinery and equipment (CIME) was not sufficiently annexed to the realty to be classified as fixtures. The court considered the degree of permanency of the CIME and other details surrounding an item's physical attachment and removability. Much of the CIME in question were large integral parts of the grain handling operation that were bolted to the grain storage bins.

The appellate court order provides some guidance; however, it is not all inclusive. The ruling emphasizes the use of the three-part fixture law test by the appraiser for all CIME in question.

Following is a general list of the grain elevator equipment considered real vs. personal property based on the court order.

Grain Elevator Real Property

- Elevator Storage
- Annex Storage

Grain Elevator Personal Property

- Aeration Components
- Connecting Bridges
- Conveyors
- Gates
- Loadout System Modules and Components
- Spouting
- Temperature and Monitoring Equipment
- Transitions

Please see annual Personal Property Guide for filing requirements and valuation information for grain elevator and feedlot personal property.

Table of Contents

Commercial Feedlots	1
Explanation Of Type And Quality	6
Structural Improvements.....	6
Good Quality.....	6
Average Quality	6
Fair Quality.....	7
Feeding Pens And Alleys	7
Good Quality.....	7
Average Quality	7
Fair Quality.....	7
Corral And Working Facility	7
Good Quality.....	7
Average Quality	8
Fair Quality.....	8
Feed Processing Facilities	8
Good Quality.....	10
Average Quality	10
Fair Quality.....	10
Land Value	11
Real Property Vs Personal Property Fixtures & Equipment.....	12
Conclusion Of Real Vs Personal	14
Rolling Stock & Equipment	14
2025 Feedlot Valuation Guidelines	15

Variations Of Steam-Flake Mill Facilities	15
Variations Of Non-Steam Flake Facilities	16
Example – Large Feedlot	17
Example – Small Feedlot	17
Excel Feedlot Workbook Instructions	17

Commercial Feedlots

Background

Commercial feedlots are an important segment of the Kansas economy and have been a part of this economy since the late 1940's and early 1950's. Most of the commercial feedlots are located in the western one-third of the State of Kansas with the highest concentration in the southwest corner. An ideal semi-arid climate and an abundance of feed grains and forages have been the major influence in the concentration of this industry in Western Kansas.

There have been substantial changes during the past 70 years as a result of technology relating to cattle breeds produced, feeding techniques, rations, and feed processing facilities. Today, there are many commercial feedlots that have state-of-the art feed processing facilities that are nearly 100 percent automated. The two principal types of feed mills in use today are the steam flake and dry roll or a combination of the two.



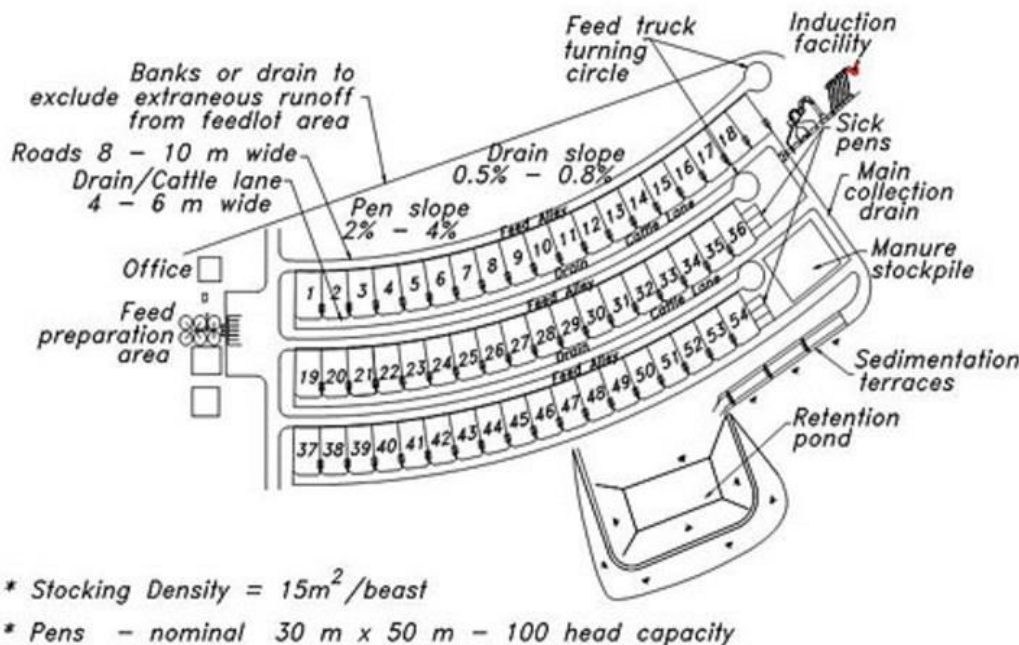
The Kansas cattle industry is big business. On January 1, 2024, Kansas ranked sixth in the nation with 6.15 million head of all cattle and calves. This means Kansas held 7.1% total of all US cattle

and calves. There were 2.6 million head of cattle in Kansas feedlots of 1,000+, which represents 18% of the entire US.

How to value a commercial feedlot

Kansas Statutes require ad valorem taxation based on market value with consideration given to each approach in the appraisal process (KSA 79-503a). The valuation of feed yards is similar to other properties that require segregation of the components of business value, going-concern value, real estate assets, furniture, and fixtures. The commercial feed yard is a special purpose property. Most feed yards are in a continuous state of expansion and re-birth to accommodate changing trends. This results in a mix of improvements and historical ages that reflect a conglomerate age making depreciation difficult to estimate accurately. The **feed processing equipment** represents a substantial percentage of the total cost of the feed yard. Hours of use, similar to tractor hours, determine the amount of depreciation rather than age. The value of the feed yard property is related to its market share (location). Environmental regulations make new construction costly beyond normal development costs resulting in few, if any, new turn-key projects. Today, purchase of existing facilities is the trend with expansion and re-habilitation the norm.

Design for a Cattle Feedlot



Above is a design for a commercial feedlot intended as an example only.

First steps for valuing commercial feedlots

There are two basic questions that need to be answered before this guide can be used for valuing a commercial feedlot. First and foremost, (1) it must be determined if the feedlot is a commercial feedlot and if so, (2) what is the cattle head capacity that will be used for valuation purposes.

For property tax purposes what is a commercial feedlot?

Commercial Feedlot Definition -

For the purposes of this valuation guide, a feedlot is a commercial feedlot when: 1) the feedlot capacity is a 1,000 head or more of cattle and 2) licensed (by KDA/DOAH) for 1,000 head or more and 3) the feed pens are permanent with some type of feed mill or at least minimal feed handling/processing capabilities.

A feedlot is a commercial feedlot when: 1) the feed yard capacity is a 1,000 head or more of cattle and 2) licensed with KS Department of Agriculture (KDA) Division of Animal Health (DOAH) for 1,000 or more and 3) the feed pens are permanent with some type of feed mill or at least minimal feed handling/processing capabilities. K.S.A 47-1501 requires licensing of livestock operations with more than 1,000 head by the state livestock commissioner. This includes cattle, pigs, sheep and goats. The most current list is provided on the PVD web site. The Kansas Department of Agriculture has licensed over 240 beef facilities. Be aware that some facilities may be licensed for less than a 1,000 head of cattle, and these should be excluded as a commercial feedlot. On the other hand, some facilities may not be on the list of licensed feedlots and in cases that it is clear they feed 1,000 head or more, the county appraiser should consider these lots as a commercial feedlot and valued using this guide.

The commercial classification is not defined by whose cattle are being fed. Family operated feedlots can be classified as commercial. However, the commercial classification would not be used for operations which run large numbers of cattle on wheat pasture and supplements.

For property tax purposes how is feedlot capacity determined?

Commercial Feedlot Capacity Definition -

For these reasons, the county appraiser should use a bunk capacity rate of 12 inches per head. **The bunk capacity should be listed on the feedlot worksheet in the appropriate location for all linear feet of feed bunk to determine total feedlot capacity.**

Commercial feedlots are bought and sold on the basis of dollars per head of capacity. Capacity can mean different numbers to different people but is usually thought of in terms of licensed capacity or bunk space capacity (referred to as bunk capacity hereafter). The licensed capacity is generally a range i.e. 300 – 999 or 1,000 – 2,999 or 3,000 – 5,999. **The licensed capacity should be recorded on the feedlot worksheet as reference information only.**

Bunk capacity can also vary based on management decisions but will usually be predicated on a bunk space per head of 9 to 16 inches. The maturity/size of cattle, number of times per day that cattle are fed and climatic conditions of the general area are usually the controlling factors in making a determination of allocated bunk space per head. The climate in Kansas can vary substantially from east to west and north to south. Hence, there is no recognized standard, uniform feeding practice in place. For these reasons, the county appraiser should use a bunk capacity rate of 12 inches per head. **The bunk capacity should be listed on the feedlot worksheet in the appropriate location. It is the bunk capacity that will be used for purposes of valuing a commercial feedlot.** This provides uniformity in the determination of sale units regardless of the feed lot location or the feeding practice in place for a specific feedlot. Feeding practice relates to the number of times per day the cattle are fed and should not be confused with the type of feed processing facilities.

Most sales of commercial feedlots involve a combination of assets, including rolling stock, feed inventory, management-in-place, an established clientele, an on-going business operation, real property fixed assets, and personal property including machinery and equipment, and in some cases, an animal herd. Therefore, it is necessary to account for each component in the analysis of sales data and it is essential to abstract all moneys paid for non-realty and machinery and equipment assets. This accounts for uninformed opinions in the market and hearsay prices that confuse actual realty values on a per head basis, the common denominator or unit of comparison found in the marketplace.

The amount paid for the rolling stock and feed inventory can usually be determined from an interview with the buyer or seller; however, the amount paid for management in place, established clientele and on-going business is more elusive. There is insufficient data to abstract an amount for those intangible assets. Experts in this field advise intangibles average 20 percent of the total sale price. It is believed this general estimate represents the market.

In the valuation schedule, sales have been categorized by the primary feed processing facility: **steam-flake mill, dry roll mill, and minimum feed processing yards**, with the overall quality and condition judged on the basis of good, average, and fair.

There may be some feedlots in the steam-flake category that are a step above the good quality condition rating. Therefore, an additional value estimate has been determined based on a rating of very good quality and condition that may be applicable to some feedlots in recognition of their unique status.

The valuation schedule is based on dollars per head for each category and reflects market value for only the fixed real property assets and personal property fixtures with a suggested guideline for the percentage exemption of the machinery and equipment that may qualify per K.S.A.-79-201j or K.S.A. 79-223. For purposes of this guide, the percentage used is based on the original cost of

this equipment in relation to the total investment cost new. Requests for consideration of a greater percentage must be documented. The cost of the feed bunks and waterers is about 1% to 2% of the cost of the yard. For purposes of this guide, \$3.00 per head was used to include both items. The valuation column (page 13) reflects only the real property with personal property already deducted.

Explanation Of Type and Quality

Commercial feedlots are built and designed to feed cattle for a variety of reasons, i.e., raising dairy heifers, backgrounding, finishing, etc. The primary difference between custom feeding operations is the mix between personnel and machinery and equipment used to secure, feed, and treat the animal population housed in the facility. A major investment in machinery and equipment lessens the need for personnel. A minimum investment in machinery and equipment increases the need for intense manual labor and greater numbers of personnel. An efficient combination of the components of production results in the maximum profit for the operation.

Since feeding is the primary function of the business, the degree and extent of the use of grain bins, augers, conveyors, hoppers, grinders, steamers, boilers, and auxiliary grain handling equipment used in the preparation, combination, mix and transportation of the ration / diet to the feed bunker determines the quality of the feedlot operation. There are three broad categories with combinations typical, because the investment in a custom feeding operation is a continuing process of expansion and streamlining to maximize the efficiency of the enterprise. Other differences will include the efficiency of the layout that will change over time due to expansion, the age and construction quality and condition of the structural improvements, corrals, pens, alleyways, and degree of hard surfacing throughout the lot.

Structural Improvements

Administration office, hospital, horse barn, storage sheds and storage bunkers, silos, housing for mill operations and auxiliary buildings.

Good Quality

Administration office building is brick or stone or quality wood siding, partitioned offices, commercial ceilings, carpet and tile floor finish; access to scales. All other structures constructed with high quality building materials, generally concrete or steel, adequate overhead doors and clearances to accommodate rolling stock.

Average Quality

Office buildings will be adequate, medium frame with some partitions and concrete or tile floors; access to commodity truck scales; with other buildings constructed of concrete block, light steel, or wood frame, sufficient doors to accommodate rolling stock. Some buildings are open-sided with pole frame construction.

Fair Quality

Office building is generally a small low quality wood frame structure or prefabricated, modular office with few partitions. Other buildings will be minimum quality wood frame or pole frame with light steel or open siding. Equipment storage is minimal.

Feeding Pens And Alleys**Good Quality**

Proper slope and adequate drainage for pens and alleys in this category is a requirement. Feed alleys should be 20 feet wide or wider with hard surface or minimum of compacted gravel. Feed bunks are either continuous pour concrete or good quality prefabricated with cable or pipe neck rail. Fencing is typically pipe, cable, or a combination; minimum lodge pine pole with heavy-uniform poles.

Average Quality

Pens and alleys will not vary a great deal from the "good" category, but pen slope and drainage is usually not as good and there may be some mounding in the center of the pen to provide mud relief for livestock. Alleys will generally be less wide and the surface will be less costly. Feed bunks may be cracked in some places and misaligned with less expensive neck rail.

Fair Quality

Pens and alleys will have poor slope and drainage. Alleys will be narrow, poorly drained with a diminished surface. Feed bunks will generally be older style, prefabricated with some broken and misaligned. Fencing is light, non-uniform lodge pole pine, wood board, wire or combination. Watering facilities may be inadequate with drinking space per head preventing adequate consumption per animal.

Corral And Working Facility**Good Quality**

Cattle receiving and loading areas are sufficient in size to accommodate several truck loads at the same time. All-weather access is provided by hard surface. Cattle chutes are heavy duty quality, adjustable, with curved approach and enclosed sides. Crowding area and sorting pens are located near livestock scales and are usually constructed with heavy pipe. Working areas have a well-equipped hospital with hydraulic squeeze chute and storage space enclosed in a good quality building.

Average Quality

Facilities are similar to the "good" category, but the over-all construction quality is less, and deferred maintenance is apparent. The hospital facility might be an enclosed pole frame shed building or economy steel sided structure, minimal sizing, and not as completely equipped as the good quality category.

Fair Quality

Cattle receiving and loading area is usually limited in size and is not improved with an all-weather surface. Chutes are generally set in place and constructed of wood. Working area fencing is usually wood or light weight pipe. Processing area is not covered, has manual operated squeeze chute and the hospital holding area usually contains only a small shed which may not be enclosed.

Feed Processing Facilities

The efficiency of the feeding system has the primary effect on the economic success of the enterprise, excluding market timing. Feed processing facilities are the primary concern of owners, buyers, managers, and customers, because the type and quality of the feed mill used is believed to have direct bearing on the value of the animal unit being fed for market. The manner of feeding is a management decision based on factors which include the cost of the commodities used. Most commercial feedlots have a primary milling procedure and a secondary procedure to provide flexibility for economic reasons.



1) STEAM FLAKE: Weigh and Mix in Mill: Full Batch Mill Operation

Mills that include a steam flaker and weighing and mixing equipment in mill is the most complete and equipment intensive. The equipment takes all of the raw commodities used in cattle feeding rations (corn, milo, wheat, hay, fat, molasses, micro ingredients, and others) and produces a bunk- ready ration. The grains are **conveyed to steam chambers** where the temperature is approximately 210 degrees, passing through the steam chamber the grain is **flaked and then conveyed** to another part of the mill where it is **weighed and mixed** with other feed ingredients. In another part of the mill, hay is chopped, **weighed and mixed** with molasses, fat and micro ingredients into the final ration. In this full batch mill system. all ingredients are mixed together by equipment in the mill before it is loaded into a feed-truck and transported to the feed bunk. Approximately 65% of the mill operation is machinery and equipment which constitutes approximately 23% of the total investment in real estate and machinery and equipment excluding rolling equipment such as trucks, loaders, spreaders.

2) STEAM FLAKE: Weigh System in Mill: Mix Batch in Feed-Truck

Steam flaked without mixing is similar to the weigh and mix (1), except the various commodities are weighed separately into a specialized feed-truck that mixes the batch before transporting to the feed bunk. Approximately 58% of the mill operation is machinery and equipment which constitutes approximately 16% of the total investment in real estate and machinery and equipment excluding rolling equipment such as trucks, loaders, spreaders.

3) STEAM FLAKE: Bunker System: Weigh and Mix in Feed-Truck

In the steam flaked bunker system the flaked grain is transported by auger to storage bunkers outside the mill. Equipment such as tractor with front-end bucket is used to load the grain into feed-trucks that are equipped with scales to allocate each grain by weight and mixed in the truck transporting the batch to the bunker. Approximately 50% of the mill operation is machinery and equipment which constitutes approximately 12% of the total investment in real estate and machinery and equipment excluding rolling equipment such as trucks, loaders, spreaders.

4) DRY ROLL MILL: Weigh and Mix on Feed-Truck

A dry roll mill is the least intensive investment in mill machinery and equipment. The grain is conveyed to and through a grinding system without benefit of steam flaking. All ingredients are loaded on a feed-truck, mixed, and transported to the feed bunkers. Approximately 50% of the mill operation is machinery and equipment

which constitutes approximately 12% of the total investment in real estate and machinery and equipment excluding rolling equipment such as trucks, loaders, spreaders.

Good Quality

A new mill or a mill which has been completely rehabilitated within the past five years with major improvements such as replacing black carbon steel with stainless steel, airlift or stainless-steel conveyor, in-mill mixer, roughage conveyor transported to mixer chamber, enclosed dump pits and feed truck loading, clam-shell dumps, conditioners and scalpers. Mill has high quality and advanced technology in handling feed and various ration ingredients.

Average Quality

This denotes mills that are between five and ten years of age, well maintained, but have had only minor re-conditioning. Overhead holding tanks and steam chambers are usually 10-gauge black carbon steel with original legs and grinders. Usually includes less quality, obsolete technology, less efficient.

Fair Quality

Mills in this category will generally be older than ten years with little, if any, re-conditioning, except roller replacements, minimum maintenance on remaining mill equipment. Usually includes poor efficiency in handling grain, protein, and roughage.

LAND VALUE

The Feedlot Valuation Guidelines are stated in dollars per head, **including the land value**. To achieve the requirement to list the land value separate from the improvement value the following schedule has been included. Using the land values listed in the schedule will provide consistency for both the feedlot owners and the counties. The land values listed are the region average grassland values (rounded to the nearest \$10) as published by the Department of Agricultural Economics, Kansas State University in the *2023 Kansas Land Values Book – Pasture/Hay for each Kansas land region*.

Northwest 10	North Central 40	Northeast 70
\$1,765	\$2,660	\$4,235
West Central 20	Central 50	East Central 80
\$1,365	\$2,185	\$3,875
Southwest 30	South Central 60	Southeast 90
\$1,530	\$2,305	\$3,075

In cases where the feedlot value is low, do not allow land value to exceed 50% of the total feedlot value.

Real Property Vs Personal Property Fixtures & Equipment

As stated in the Foreword of this guide, to classify property for ad valorem tax purposes, K.S.A. 79-261 requires the county appraiser to conform to a) the definitions of real and personal property in Kansas law; and b) the factors set forth in the Personal Property Guide published by the Director of Property Valuation. Where the proper classification of Commercial Industrial Machinery & Equipment (CIME) is not clearly determined from the definitions of real and personal property provided in Kansas law, the appraiser shall use the three-part fixture law test as set forth in K.S.A. 79-261 and the Personal Property Guide prescribed by the Director of Property Valuation pursuant to K.S.A. 75-5105a(b), and amendments thereto, and shall consider the following where all three parts of the test must be satisfied before an item can be classified as real property:

- A. Annexation
- B. Adaptation
- C. Intent



Annexation: Physical attachment alone does not determine realty v. personalty. In 1889, the Kansas Supreme Court (*A.T. & S.F. Rld. Co. v. Morgan*, 42 Kan. 23, 28 {1889}):

"there is scarcely any kind of machinery, however complex in its character, or no matter how firmly held in its place, which may not with care be taken from its fastenings and moved without any serious injury to the structure where it may have been operated and to which it may have been attached." *Id.*, 29.

and, "On the other hand, there are very many things although not attached to the realty which become real property by their use -- keys to a house, blinds and shutters to the windows, fences and fence rails etc." *Id.*, 29.

and, "The test of whether real estate is benefited by the act of annexation has been repeatedly applied by the courts, to determine whether the chattel annexed became a fixture or not." *Id.*, 29.

In determining whether an item is benefited by the act of annexation, look at whether the removal of the item causes a reduction in the fair market value of the realty, or requires a significant amount of time or cost to restore the realty to its original use. If the removal of an item results in no change in the market value of the realty, then it is personal property. If the removal of an item results in a reduction in the market value of the realty, then it is part of the realty.

Adaptation:

"One of the tests of whether a chattel retains its character or becomes a fixture is the uses to which it is put. If it be placed on the land for the purpose of improving it and to make it more valuable, that is evidence that it is a fixture and not personal property." *Id.* 29

Thus, when considering the adaptation of the item to the realty, consider whether the item at issue is necessary and useful to the land. If the item adds value and enhances the realty, it is part of the realty. If it does not add value or improve the realty, it is personal property.

Intent:

"Intent is inferred from the nature of the item affixed, the relation and situation of the party making the annexation, the structure and mode of annexation, and the purpose or use for which the annexation was made." *Eaves v. Estes*, 10 Kan. 314, 316, 15 Am. Rep. 345 (1872).

In the *Eaves* case, the court was considering whether a steam engine affixed to real estate was real or personal property. Because of the ambiguity of the situation, the court found it appropriate to decide the matter based upon the written intent of the parties that was expressed in a chattel

mortgage. In the language of the chattel mortgage, it was clear that the party affixing the engine to the real estate intended for the engine to remain personal property.

Intent is based on the nature of the item affixed; the relation and situation of the party making the annexation; the structure and mode of annexation; and the purpose or use for which the annexation was made. K.S.A. 79-261(b)(2).

Conclusion of Real Vs Personal

Real Estate	Personal Property
Land, excavation, concrete, bins, structural steel, grain storage and handling system. Corrals, fencing, feeding pens, alleyways Structures including administration building, storage sheds, machine sheds, hospital.	Mill machinery, equipment, bin accessories, flakers and relay systems, scalping, blending, and hot water system, batching system, boiler system and liquid storage, roughage system, because the mill does not add value to the real estate. It adds value and improves the business use but not the real estate. Waterers and feed bunks, portable or attached.

Rolling Stock & Equipment

Personal property actually and regularly used in any farming or ranching operation is exempt based on K.S.A. 79-201j or as commercial and industrial machinery and equipment under K.S.A. 79-223. In addition to some feed handling and processing equipment, the exemptions may apply to other machinery and equipment **used at the feed yard**.

This includes, but is not limited to: mixer-feeder trucks, tractors, loaders, scrapers, irrigation equipment, forage blowers, bunk reading equipment, manure spreaders, equipment used to dispense pharmaceuticals (drug machine), boilers used in the processing of feed, squeeze chutes, welding equipment, stock tanks, feed bunks, hay grinders, chisels, grain grinders, portable corrals, post hole diggers, bunk sweepers, spraying equipment, skid steer loaders, scales, mowers, farm trailers, grain moisture testers, manure composting equipment, milking equipment, and equipment parts and supplies for the above.

Remember that **motor vehicles** (trucks) **are taxable according to K.S.A. 79-5101, et seq.** This may include trucks such as manure spreader trucks, which may not be registered or tagged because they rarely leave the farm, ranch or feedlot. This does not include the trucks with mounted feeder/mixer feeder equipment.

2025 FEEDLOT VALUATION GUIDELINES- \$/Head

Variations of Steam-Flake Mill Facilities

Weigh and Mix/Full Batch in Mill			
	Condition		
Quality	Poor -	Very Good	Midpt
Very Good	\$86	\$108	\$97
Good	\$63	\$85	\$74
Average	\$51	\$63	\$57
Fair	\$29	\$49	\$39
Low	\$22	\$39	\$31

Low quality added for 2025

Excel Feedlot Workbook will interpolate condition level values from Very Good-Poor minus

Weigh System in Mill, Mix Batch in Feed Truck			
	Condition		
Quality	Poor -	Very Good	Midpt
XXXXXX	XXXXXX	XXXXXX	XXXXXX
Good	\$69	\$93	\$81
Average	\$55	\$69	\$62
Fair	\$36	\$54	\$45
Low	\$19	\$37	\$28

Low quality added for 2025

Excel Feedlot Workbook will interpolate condition level values from Very Good-Poor minus

Bunker System—Weigh and Mix Batch in Feed-Truck			
	Condition		
Quality	Poor -	Very Good	Midpt
XXXXXX	XXXXXX	XXXXXX	XXXXXX
Good	\$72	\$97	\$85
Average	\$58	\$71	\$64
Fair	\$38	\$56	\$47
Low	\$22	\$40	\$31

Low quality added for 2025

Excel Feedlot Workbook will interpolate condition level values from Very Good-Poor minus

Variations of Non-Steam Flake Facilities

Dry Roll Mill Facility			
	Condition		
Quality	Poor -	Very Good	Midpt
XXXXXX	XXXXXX	XXXXXX	XXXXXX
Good	\$58	\$83	\$70
Average	\$38	\$56	\$47
Fair	\$28	\$37	\$32
Low	\$13	\$22	\$18

Low quality added for 2025

Excel Feedlot Workbook will interpolate condition level values from Very Good-Poor minus

Minimum Feed Processing Facility			
	Condition		
Quality	Poor -	Very Good	Midpt
XXXXXX	XXXXXX	XXXXXX	XXXXXX
Good	\$35	\$52	\$43
Average	\$24	\$33	\$29
Fair	\$14	\$23	\$18
Low	\$4	\$13	\$9

Low quality added for 2025

Excel Feedlot Workbook will interpolate condition level values from Very Good-Poor minus

EXAMPLE - Large Feedlot on 80 acres with Bunker System—Weigh and Mix Batch in Feed-Truck as feed processing. All improvements, pens, feed storage, and feed processing system are of average quality and in very good condition. Feedyard is licensed and has 100,000 bunk capacity and is located in the SW 30 land region. (see pg 11)

Bunker System—Weigh and Mix Batch in Feed-Truck			
	Condition		
Quality	Poor -	Very Good	Midpt
XXXXXX	XXXXXX	XXXXXX	XXXXXX
Good	\$72	\$97	\$85
Average	\$58	\$71	\$64
Fair	\$38	\$56	\$47
Low	\$22	\$40	\$31

100,000 head	x	\$71 per head	=	\$7,100,000
Total Feedlot Value (incl land)			=	\$7,100,000
Less Land (acres) 80	x	\$1,530	-	\$122,400
				<hr/>
Improvements	=			\$6,977,600
Land	=	+		\$122,400
Feed Yard Value	=			\$7,100,000

EXAMPLE – Small Feedlot on 35 acres with Minimum Feed Processing. All improvements, pens, feed storage, and feed processing system are of fair quality and in poor minus condition. Feedyard is licensed and has 1,500 bunk capacity and is in the East Central 80 land region. (see pg 11)

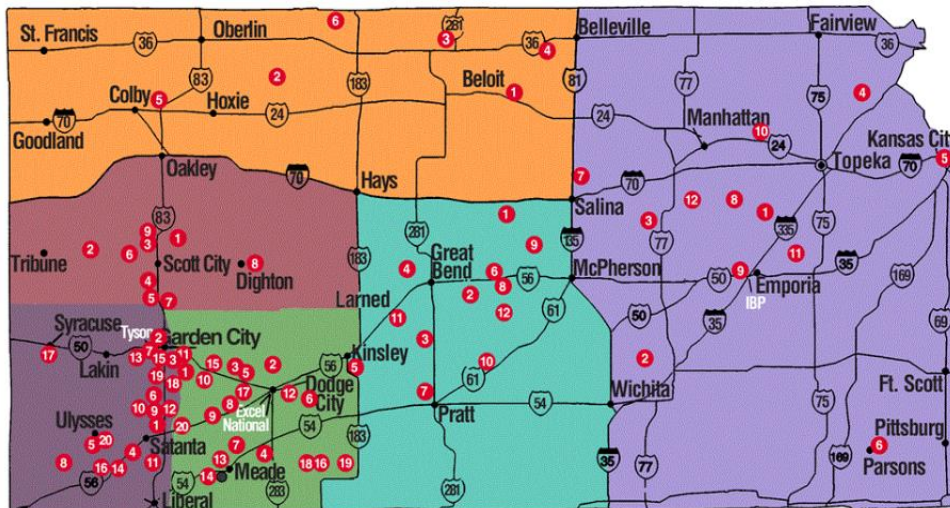
Minimum Feed Processing Facility			
Quality	Condition		
	Poor -	Very Good	Midpt
XXXXXX	XXXXXX	XXXXXX	XXXXXX
Good	\$35	\$52	\$43
Average	\$24	\$33	\$29
Fair	\$14	\$23	\$18
Low	\$4	\$13	\$9

$$\begin{aligned}
 1,500 \text{ head} & \times \$14 \text{ per head} & = & \$21,000 \\
 \text{Total Feedlot Value (incl land)} & & = & \$21,000 \\
 \text{Less Land (acres) } 35 \times \$3,875 & & - & \underline{135,625} \quad 50\% (\$21,000 / 2) \\
 & & & \\
 \text{Improvements} & = & & \$10,500 \\
 \text{Land} & = & + & \underline{\$10,500} \\
 \text{Feed Yard Value} & = & & \$21,000
 \end{aligned}$$

In cases where the feedlot value is low, do not allow land value to exceed 50% of the total feedlot value. Example shows the 50/50 split between the improvement value and land value.

Link to Kansas Livestock Association Map of Feed Yards and regional details.

<https://www.kla.org/cattle-feeding>



Excel Feedlot Workbook Instructions

The Feedlot Appraisal Guide and Excel Feedlot Workbook have been established for the mass appraisal of licensed feedlot properties with 1,000 + head cattle in Kansas. As stated previously in this guide, the county appraiser shall establish market value by conforming to methods and procedures provided in guides and tools furnished by the Director of Property Valuation (PVD), who has the authority to devise and prescribe guides to promote uniform and consistent statewide valuation provided in K.S.A. 75-5105a, K.S.A. 79-1412a, K.S.A. 79-1456, and PVD Directive #19-048. The Excel Feedlot Workbook provided in conjunction with this guide is required for use in valuing all licensed feedlot properties.

The Excel Feedlot Workbook (workbook) provides the appraiser the ability to value each licensed feedlot facility utilizing the sales comparison approach or value per head. The workbook consists of multiple worksheets identified by different colored tabs. The base cover sheet tab and value reconciliation tab are structured to be printed for ease in filing or use as hard copy documents. The workbook template requires user input throughout the worksheet tabs in the light-yellow shaded cells. Lavendar colored fields on Data Entry-Inventory tab are OPTIONAL entry. Fields are included for detail and/or description of feedlot improvements. Other colored cells are locked and will populate and/or calculate automatically from the entered data.

Steps for Data Entry

1. The user begins with the Cover Sheet tab. Enter data; light-yellow cells are required entry on this sheet.
2. Go to the Data Entry-Inventory sheet tab next. This sheet inventories and regulates the data and calculations for the Value Reconciliation tab.
3. Enter data on the Data Entry-Inventory sheet. A quality and condition rating is required for each improvement line entered.
4. The overall feedlot rate will calculate at the bottom of Data Entry-Inventory sheet from the line entries and will populate Value Reconciliation tab.
5. Go to Value Reconciliation tab to select overall calculated quality and condition rating or enter override overall quality and condition rating.
6. The Feed Processing Type entered on Cover Sheet tab and the selected calculated overall quality and condition rating OR override determine the Value per Head.

7. Land values populate based on the selection on the Cover Sheet tab. Final value conclusion will subtract land values from the total feedlot value established from \$/head to be entered into Orion.

8. There are additional tabs in workbook to show former guide values per head in comparison to the current 15% increase. Additionally, vendor information with analyzed sales is provided to support the agreed upon 15% increase by Kansas County Appraisers and Kansas Livestock Association in an effort to update the guide.