

As Amended by House Committee

Session of 2023

HOUSE BILL No. 2254

By Representative Neelly

2-1

1 AN ACT concerning property taxation; relating to classification of land;
2 including properties used for registered agritourism activities as land
3 devoted to agricultural use; amending K.S.A. 2022 Supp. 79-1476 and
4 repealing the existing section.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2022 Supp. 79-1476 is hereby amended to read as
8 follows: 79-1476. (a) The director of property valuation is hereby
9 directed and empowered to administer and supervise a statewide program
10 of reappraisal of all real property located within the state. Except as
11 otherwise authorized by K.S.A. 19-428, and amendments thereto, each
12 county shall comprise a separate appraisal district under such program, and
13 the county appraiser shall have the duty of reappraising all of the real
14 property in the county pursuant to guidelines and timetables prescribed by
15 the director of property valuation and of updating the same on an annual
16 basis. In the case of multi-county appraisal districts, the district appraiser
17 shall have the duty of reappraising all of the real property in each of the
18 counties comprising the district pursuant to such guidelines and timetables
19 and of updating the same on an annual basis. Commencing in 2000, every
20 parcel of real property shall be actually viewed and inspected by the
21 county or district appraiser once every six years.

22 ~~Compilation of data for the initial preparation or updating of~~
23 ~~inventories for each parcel of real property and entry thereof into the state~~
24 ~~computer system as provided for in K.S.A. 79-1477, and amendments~~
25 ~~thereto, shall be completed not later than January 1, 1989. Whenever the~~
26 ~~director determines that reappraisal of all real property within a county is~~
27 ~~complete, notification thereof shall be given to the governor and to the~~
28 ~~state board of tax appeals.~~

29 (b) Valuations shall be established for each parcel of real property at
30 its fair market value in money in accordance with the provisions of K.S.A.
31 79-503a, and amendments thereto.

32 ~~In addition thereto,~~ (c) (1) Valuations shall be established for each
33 parcel of land devoted to agricultural use upon the basis of the agricultural
34 income or productivity attributable to the inherent capabilities of such land
35 in its current usage under a degree of management reflecting median
36 production levels in the manner hereinafter provided. A classification

1 system for all land devoted to agricultural use shall be adopted by the
2 director of property valuation using criteria established by the United
3 States department of agriculture natural resources conservation service.

4 (A) For all taxable years commencing after December 31, 1989, all
5 land devoted to agricultural use that is subject to the federal conservation
6 reserve program shall be classified as cultivated dry land for the purpose
7 of valuation for property tax purposes pursuant to this section, except that
8 for all taxable years commencing after December 31, 2022, all land
9 devoted to agricultural use that is subject to the federal grassland
10 conservation reserve program (CRP grasslands) shall be classified as
11 grassland for the purpose of valuation for property tax purposes pursuant
12 to this section.

13 (B) For all taxable years commencing after December 31, 1999, all
14 land devoted to agricultural use that is subject to the federal wetlands
15 reserve program shall be classified as native grassland for the purpose of
16 valuation for property tax purposes pursuant to this section.

17 (2) Productivity of land devoted to agricultural use shall be
18 determined for all land classes within each county or homogeneous region
19 based on an average of the eight calendar years immediately preceding the
20 calendar year that immediately precedes the year of valuation, at a degree
21 of management reflecting median production levels. The director of
22 property valuation shall determine median production levels based on
23 information available from state and federal crop and livestock reporting
24 services, the natural resources conservation service, and any other sources
25 of data that the director considers appropriate.

26 (d) The share of net income from land in the various land classes
27 within each county or homogeneous region that is normally received by
28 the landlord shall be used as the basis for determining agricultural income
29 for all land devoted to agricultural use except pasture or rangeland. The net
30 income normally received by the landlord from such land shall be
31 determined by deducting expenses normally incurred by the landlord from
32 the share of the gross income normally received by the landlord. The net
33 rental income normally received by the landlord from pasture or rangeland
34 within each county or homogeneous region shall be used as the basis for
35 determining agricultural income from such land. The net rental income
36 from pasture and rangeland that is normally received by the landlord shall
37 be determined by deducting expenses normally incurred from the gross
38 income normally received by the landlord. Commodity prices, crop yields
39 and pasture and rangeland rental rates and expenses shall be based on an
40 average of the eight calendar years immediately preceding the calendar
41 year that immediately precedes the year of valuation. Net income for every
42 land class within each county or homogeneous region shall be capitalized
43 at a rate determined to be the sum of the contract rate of interest on new

1 federal land bank loans in Kansas on July 1 of each year averaged over a
2 five-year period that includes the five years immediately preceding the
3 calendar year which immediately precedes the year of valuation, plus a
4 percentage not less than 0.75% nor more than 2.75%, as determined by the
5 director of property valuation, except that the capitalization rate calculated
6 for property tax year 2003, and all such years thereafter, shall not be less
7 than 11% nor more than 12%.

8 (e) Based on the ~~foregoing~~ procedures *provided in this section*, the
9 director of property valuation shall make an annual determination of the
10 value of land within each of the various classes of land devoted to
11 agricultural use within each county or homogeneous region and furnish the
12 same to the several county appraisers who shall classify such land
13 according to its current usage and apply the value applicable to such class
14 of land according to the valuation schedules prepared and adopted by the
15 director of property valuation under the provisions of this section.

16 (f) It is the intent of the legislature that appraisal judgment and
17 appraisal standards be followed and incorporated throughout the process of
18 data collection and analysis and establishment of values pursuant to this
19 section.

20 ~~For the purpose of the foregoing provisions of (g) As used in this~~
21 ~~section, the phrase:~~

22 (1) (A) "Land devoted to agricultural use" ~~shall mean~~ *means* and
23 ~~include~~ *includes* land, regardless of whether it is located in the
24 unincorporated area of the county or within the corporate limits of a city,
25 that is devoted to the production of plants, animals or horticultural
26 products, including, but not limited to: Forages; grains and feed crops;
27 dairy animals and dairy products; poultry and poultry products; beef cattle,
28 sheep, swine and horses; bees and apiary products; trees and forest
29 products; fruits, nuts and berries; vegetables; and nursery, floral,
30 ornamental and greenhouse products.

31 (B) "Land devoted to agricultural use" ~~shall include~~ *includes* land:

32 (i) Established as a controlled shooting area pursuant to K.S.A. 32-
33 943, and amendments thereto, which shall be deemed to be land devoted to
34 agricultural use. ~~"Land devoted to agricultural use" shall include land;~~

35 (ii) that is utilized by zoos that hold a valid class C exhibitor license
36 issued by the United States department of agriculture. ~~"Land devoted to~~
37 ~~agricultural use" shall include land; and~~

38 (iii) **for all taxable years commencing after December 31, 2022,**
39 **that is** otherwise devoted to the production of plants, animals or
40 horticultural products ~~that is incidentally used for agritourism activity; and~~

41 ~~(iv) that is utilized as part of a registered agritourism activity at a~~
42 ~~registered agritourism location by a registered agritourism operator~~
43 ~~pursuant to K.S.A. 32-1432, and amendments thereto, including, but not~~

1 *limited to, all land and buildings, whether permanent or temporary, that*
2 *are utilized for such agritourism activity. For purposes of this clause, the*
3 *selling of any items, **products, services or merchandise associated with***
4 ***the registered agritourism activity** by a registered agritourism operator*
5 *that includes, but is not limited to, **point of sales**—~~made from either land or~~*
6 *~~buildings, shall not change the classification of the **agricultural land or**~~*
7 *~~**buildings** as a result of such sales. For purposes of this section,~~*

8 (2) "Agritourism activity" means any activity that allows members of
9 the general public, for recreational, entertainment or educational purposes,
10 to view or enjoy rural activities, including, but not limited to, farming
11 activities, ranching activities or historic, cultural or natural attractions. An
12 activity may be an "agritourism activity" whether or not the participant
13 pays to participate in the activity. An activity is not an "agritourism
14 activity" if the participant is paid to participate in the activity.

15 (h) If a parcel has land devoted to agricultural purposes and land used
16 for suburban residential acreages, rural home sites or farm home sites, the
17 county appraiser shall determine the amount of the parcel used for
18 agricultural purposes and value and assess it accordingly as land devoted
19 to agricultural purposes. The county appraiser shall then determine the
20 amount of the remaining land used for such other purposes and value and
21 assess that land according to its use.

22 (i) The term "expenses"—~~shall mean~~ *means* those expenses typically
23 incurred in producing the plants, animals and horticultural products
24 described above, including management fees, production costs,
25 maintenance and depreciation of fences, irrigation wells, irrigation laterals
26 and real estate taxes, ~~but the term shall.~~ *"Expenses" does not include those*
27 *expenses incurred in providing temporary or permanent buildings used in*
28 *the production of such plants, animals and horticultural products.*

29 (j) The provisions of this ~~act~~ *section* shall not be construed to conflict
30 with any other provisions of law relating to the appraisal of tangible
31 property for taxation purposes including the equalization processes of the
32 county and state board of tax appeals.

33 Sec. 2. K.S.A. 2022 Supp. 79-1476 is hereby repealed.

34 Sec. 3. This act shall take effect and be in force from and after its
35 publication in the statute book.