

HOUSE BILL No. 2254

By Representative Neelly

2-1

1 AN ACT concerning property taxation; relating to ~~classification of~~ land
2 ***devoted to agricultural use***; including properties used for registered
3 agritourism activities as land devoted to agricultural use ***for purposes***
4 ***of classification; accounting for adverse influences in the valuation***
5 ***of agricultural land***; amending K.S.A. ~~2022~~ 2023 Supp. 79-1476 and
6 repealing the existing section.
7

8 *Be it enacted by the Legislature of the State of Kansas:*

9 ***New Section 1. Adverse influences not sufficiently accounted for in***
10 ***the agricultural use valuation formula for land devoted to agricultural***
11 ***use shall be addressed by the director of property valuation and***
12 ***county appraiser. Adverse influences include, but are not limited to,***
13 ***canopy cover, salinity and alkalinity, water table fluctuation and newly***
14 ***constructed drainage and flood control areas. The county appraiser***
15 ***shall address canopy cover, salinity and alkalinity, water table***
16 ***fluctuation and newly constructed drainage and flood control areas as***
17 ***follows:***

18 (a) ***For canopy cover, the county appraiser shall:***

19 (1) ***View the parcel;***

20 (2) ***delineate the area impacted on a map;***

21 (3) ***determine the appropriate reduction from actual inspection and***
22 ***make the appropriate reduction as follows:***

23 (A) ***0 to 25% cover = no reduction;***

24 (B) ***25% to 50% cover = 20% reduction;***

25 (C) ***50% to 75% cover = 30% reduction; and***

26 (D) ***75% to 100% cover = 50% reduction; and***

27 (4) ***establish an adverse influence file for the parcel;***

28 (b) ***for salinity and alkalinity, the county appraiser shall:***

29 (1) ***Request that the taxpayer provide soil analysis from a crop***
30 ***consulting service;***

31 (2) ***delineate the area impacted on a map;***

32 (3) ***reduce the value as indicated by the report;***

- 1 (4) *establish an adverse influence file for the parcel; and*
 2 (5) *notify the local United States department of agriculture natural*
 3 *resources conservation service (NRCS) office of the change;*
 4 (c) *for water table fluctuation, the county appraiser shall:*
 5 (1) *Delineate the area impacted on a map;*
 6 (2) *contact the local NRCS office and request verification;*
 7 (3) *contact the division of property valuation for assistance;*
 8 (4) *obtain a temporary influence amount from the division of*
 9 *property valuation to use until the NRCS review is complete; and*
 10 (5) *establish an adverse influence file for the parcel; and*
 11 (d) *for newly constructed drainage and flood control areas, the*
 12 *county appraiser shall:*
 13 (1) *View the parcel;*
 14 (2) *delineate the area impacted on a map;*
 15 (3) *contact the division of property valuation for assistance;*
 16 (4) *receive an adverse influence amount from the division of*
 17 *property valuation after the division contacts the responsible agency;*
 18 *and*
 19 (5) *establish an adverse influence file for the parcel.*

20 ~~Section 1.~~ *Sec. 2.* K.S.A. ~~2022~~ 2023 Supp. 79-1476 is hereby
 21 amended to read as follows: 79-1476. (a) The director of property
 22 valuation is hereby directed and empowered to administer and supervise a
 23 statewide program of reappraisal of all real property located within the
 24 state. Except as otherwise authorized by K.S.A. 19-428, and amendments
 25 thereto, each county shall comprise a separate appraisal district under such
 26 program, and the county appraiser shall have the duty of reappraising all of
 27 the real property in the county pursuant to guidelines and timetables
 28 prescribed by the director of property valuation and of updating the same
 29 on an annual basis. In the case of multi-county appraisal districts, the
 30 district appraiser shall have the duty of reappraising all of the real property
 31 in each of the counties comprising the district pursuant to such guidelines
 32 and timetables and of updating the same on an annual basis. Commencing
 33 in 2000, every parcel of real property shall be actually viewed and
 34 inspected by the county or district appraiser once every six years.

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

42 (b) Valuations shall be established for each parcel of real property at
 43 its fair market value in money in accordance with the provisions of K.S.A.

1 79-503a, and amendments thereto.

2 ~~In addition thereto,~~ (c) (1) Valuations shall be established for each
3 parcel of land devoted to agricultural use upon the basis of the agricultural
4 income or productivity attributable to the inherent capabilities of such land
5 in its current usage under a degree of management reflecting median
6 production levels in the manner hereinafter provided. A classification
7 system for all land devoted to agricultural use shall be adopted by the
8 director of property valuation using criteria established by the United
9 States department of agriculture natural resources conservation service.

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

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

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

32 (d) The share of net income from land in the various land classes
33 within each county or homogeneous region that is normally received by
34 the landlord shall be used as the basis for determining agricultural income
35 for all land devoted to agricultural use except pasture or rangeland. The net
36 income normally received by the landlord from such land shall be
37 determined by deducting expenses normally incurred by the landlord from
38 the share of the gross income normally received by the landlord. The net
39 rental income normally received by the landlord from pasture or rangeland
40 within each county or homogeneous region shall be used as the basis for
41 determining agricultural income from such land. The net rental income
42 from pasture and rangeland that is normally received by the landlord shall
43 be determined by deducting expenses normally incurred from the gross

1 income normally received by the landlord. Commodity prices, crop yields
 2 and pasture and rangeland rental rates and expenses shall be based on an
 3 average of the eight calendar years immediately preceding the calendar
 4 year that immediately precedes the year of valuation. Net income for every
 5 land class within each county or homogeneous region shall be capitalized
 6 at a rate determined to be the sum of the contract rate of interest on new
 7 federal land bank loans in Kansas on July 1 of each year averaged over a
 8 five-year period that includes the five years immediately preceding the
 9 calendar year which immediately precedes the year of valuation, plus a
 10 percentage not less than 0.75% nor more than 2.75%, as determined by the
 11 director of property valuation, except that the capitalization rate calculated
 12 for property tax year 2003, and all such years thereafter, shall not be less
 13 than 11% nor more than 12%.

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

22 *(f) It is the intent of the legislature that appraisal judgment and*
 23 *appraisal standards be followed and incorporated throughout the process of*
 24 *data collection and analysis and establishment of values pursuant to this*
 25 *section.*

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

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

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

38 *(i) Established as a controlled shooting area pursuant to K.S.A. 32-*
 39 *943, and amendments thereto, which shall be deemed to be land devoted to*
 40 *agricultural use. "Land devoted to agricultural use" shall include land;*

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

1 (iii) **for all taxable years commencing after December 31, 2022**
2 **{2020}, that is** otherwise devoted to the production of plants, animals or
3 horticultural products ~~that is incidentally used for agritourism activity; and~~
4 ~~(iv)—that is utilized as part of a registered agritourism activity at a~~
5 ~~registered agritourism location by a registered agritourism operator~~
6 ~~pursuant to K.S.A. 32-1432, and amendments thereto, including, but not~~
7 ~~limited to, all land and buildings, whether permanent or temporary, that~~
8 ~~are utilized for such agritourism activity. For purposes of this clause, the~~
9 ~~selling of any items, **products, services or merchandise associated with**~~
10 ~~**the registered agritourism activity** by a registered agritourism operator~~
11 ~~that includes, but is not limited to, **point of sales** made from either land or~~
12 ~~buildings, shall not change the classification of the **agricultural land or**~~
13 ~~**buildings** as a result of such sales. For purposes of this section;~~

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

21 (h) If a parcel has land devoted to agricultural purposes and land used
22 for suburban residential acreages, rural home sites or farm home sites, the
23 county appraiser shall determine the amount of the parcel used for
24 agricultural purposes and value and assess it accordingly as land devoted
25 to agricultural purposes. The county appraiser shall then determine the
26 amount of the remaining land used for such other purposes and value and
27 assess that land according to its use.

28 (i) The term "expenses" ~~shall mean~~ means those expenses typically
29 incurred in producing the plants, animals and horticultural products
30 described above, including management fees, production costs,
31 maintenance and depreciation of fences, irrigation wells, irrigation laterals
32 and real estate taxes; ~~but the term shall.~~ "Expenses" does not include those
33 expenses incurred in providing temporary or permanent buildings used in
34 the production of such plants, animals and horticultural products.

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

39 Sec. ~~2~~ 3. K.S.A. ~~2022~~ 2023 Supp. 79-1476 is hereby repealed.

40 Sec. ~~3~~ 4. This act shall take effect and be in force from and after its
41 publication in the statute book.