AN ACT concerning property taxation; relating to valuation of real
property; land devoted to agricultural use; amending K.S.A. 79-1476
and repealing the existing section.

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

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

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

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

In addition thereto, valuations shall be established for each parcel of
land devoted to agricultural use upon the basis of the agricultural income
or productivity attributable to the inherent capabilities of such land in its
current usage under a degree of management reflecting median production
levels in the manner hereinafter provided. A classification system for all
land devoted to agricultural use shall be adopted by the director of
property valuation using criteria established by the United States department of agriculture soil natural resources conservation service. For all taxable years commencing after December 31, 1989, all land devoted to agricultural use which that is subject to the federal conservation reserve program shall be classified as cultivated dry land for the purpose of valuation for property tax purposes pursuant to this section. For all taxable years commencing after December 31, 1999, all land devoted to agricultural use which that is subject to the federal wetlands reserve program shall be classified as native grassland for the purpose of valuation for property tax purposes pursuant to this section. Productivity of land devoted to agricultural use shall be determined for all land classes within each county or homogeneous region based on an average of the eight calendar years immediately preceding the calendar year which that immediately precedes the year of valuation, at a degree of management reflecting median production levels. The director of property valuation shall determine median production levels based on information available from state and federal crop and livestock reporting services, the soil natural resources conservation service, and any other sources of data that the director considers appropriate.

The share of net income from land in the various land classes within each county or homogeneous region which that is normally received by the landlord shall be used as the basis for determining agricultural income for all land devoted to agricultural use except pasture or rangeland. The net income normally received by the landlord from such land shall be determined by deducting expenses normally incurred by the landlord from the share of the gross income normally received by the landlord. The net rental income normally received by the landlord from pasture or rangeland within each county or homogeneous region shall be used as the basis for determining agricultural income from such land. The net rental income from pasture and rangeland which that is normally received by the landlord shall be determined by deducting expenses normally incurred from the gross income normally received by the landlord. Commodity prices, crop yields and pasture and rangeland rental rates and expenses shall be based on an average of the eight calendar years immediately preceding the calendar year which that immediately precedes the year of valuation. For taxable years commencing prior to January 1, 2022, net income for every land class within each county or homogeneous region shall be capitalized at a rate determined to be the sum of the contract rate of interest on new federal land bank loans in Kansas on July 1 of each year averaged over a five-year period which that includes the five years immediately preceding the calendar year which that immediately precedes the year of valuation, plus a percentage not less than 0.75% nor more than 2.75%, as determined by the director of property valuation, except that the
capitalization rate calculated for property tax years 2003 and all such years thereafter through 2021, shall not be less than 11% nor more than 12%. For all taxable years commencing after December 31, 2021, net income for every land class within each county or homogeneous region shall be capitalized at a rate not less than 13%.

For all taxable years commencing after December 31, 2021, commodity prices, crop yields and crop mix for each calendar year shall be based only on data of such calendar year. Accordingly, for all taxable years commencing after December 31, 2021, the director of property valuation shall not use the methodology commonly referred to as the method of moving averages that calculates multi-year averages for commodity prices, crop yields and crop mix for each calendar year. The director shall continue to use the average of eight calendar years landlord net income for purposes of valuation as provided in this section.

Based on the foregoing procedures the director of property valuation shall make an annual determination of the value of land within each of the various classes of land devoted to agricultural use within each county or homogeneous region and furnish the same to the several county appraisers who shall classify such land according to its current usage and apply the value applicable to such class of land according to the valuation schedules prepared and adopted by the director of property valuation under the provisions of this section.

It is the intent of the legislature that appraisal judgment and appraisal standards be followed and incorporated throughout the process of data collection and analysis and establishment of values pursuant to this section.

For the purpose of the foregoing provisions of this section, the phrase "land devoted to agricultural use" shall mean and include land, regardless of whether it is located in the unincorporated area of the county or within the corporate limits of a city, which is devoted to the production of plants, animals or horticultural products, including, but not limited to: Forages; grains and feed crops; dairy animals and dairy products; poultry and poultry products; beef cattle, sheep, swine and horses; bees and apiary products; trees and forest products; fruits, nuts and berries; vegetables; nursery, floral, ornamental and greenhouse products. Land devoted to agricultural use shall include land established as a controlled shooting area pursuant to K.S.A. 32-943, and amendments thereto, which shall be deemed to be land devoted to agricultural use. 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 and value and assess it accordingly as land devoted to 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. The term "expenses" shall mean those expenses typically incurred in producing the plants, animals and horticultural products described above including management fees, production costs, maintenance and depreciation of fences, irrigation wells, irrigation laterals and real estate taxes, but the term shall not include those expenses incurred in providing temporary or permanent buildings used in the production of such plants, animals and horticultural products.

The provisions of this act shall not be construed to conflict with any other provisions of law relating to the appraisal of tangible property for taxation purposes including the equalization processes of the county and state board of tax appeals.

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

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