AN ACT concerning property taxation; relating to the valuation of property; providing for a triennial valuation; amending K.S.A. 79-5a04, 79-1412a, 79-1455 and 79-1476 and repealing the existing sections.

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

New Section 1. (a) Notwithstanding any other provisions of law to the contrary and except as otherwise provided by subsection (b), the valuation established for property for utilization as the basis for ad valorem property taxation in the first year of a triennium, the first of which shall commence on January 1, 2021, shall be utilized for ad valorem property taxation purposes for each taxable year during the applicable triennium.

(b) (1) For any improvement to existing property or any other property for which a valuation has not been established for utilization as the basis for ad valorem property taxation as of January 1 of the first year of a triennium, there shall be established a valuation or increased valuation for such property that shall be utilized for ad valorem property taxation for the remaining portion of the applicable triennium.

(2) In the event a valuation of property is reduced pursuant to law during a triennium, such reduced valuation shall be utilized for ad valorem property taxation purposes for the taxable year under appeal and any remaining portion of the applicable triennium.

(c) The provisions of this section shall not be construed to conflict with any other provision of law relating to the appraisal of property for ad valorem property taxation purposes or the associated appeals process.

(d) The provisions of this section do not apply to motor vehicles valued and taxed under the provisions of article 51 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto.

(e) The provisions of this section shall be applicable to all taxable years commencing after December 31, 2020.

Sec. 2. K.S.A. 79-5a04 is hereby amended to read as follows: 79-5a04. For taxable years commencing prior to January 1, 2021, the director of property valuation shall annually determine the fair market value of public utility property, both real and personal, tangible and intangible, of every public utility as defined in subsection (a) of K.S.A. 79-5a01(a), and amendments thereto. For all taxable years commencing after December
31, 2020, the director of property valuation shall determine the fair
market value of public utility property, both real and personal, tangible
and intangible, of every public utility as defined in K.S.A. 79-5a01(a), and
amendments thereto, as of January 1 of the first year of the applicable
triennium, and such value shall be utilized for each taxable year during
the applicable triennium. For any improvement to existing property or any
other property for which a valuation has not been established as of
January 1 of the first year of a triennium, such property shall be listed as
of January 1 of the remaining taxable years of such triennium and valued
as though it had existed as of January 1 of the first year of the applicable
triennium.

As used in this section, "fair market value" means 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 that the parties are acting without undue
compulsion. For the purposes of this definition, it shall be assumed that
consummation of a sale occurs as of January 1.

The division of property valuation in determining the fair market value
of public utility property shall, where practicable, determine the unit
valuation, allocated to Kansas, and in doing so shall use generally accepted
appraisal procedures developed through the appraisal process and may
consider, including but not by way of exclusion, the following factors:

(a) Original cost.

(b) Original cost less depreciation or reproduction cost less
depreciation, or both, or replacement cost new less depreciation, except
that where either method is used proper allowance and deduction shall be
made for functional or economic obsolescence and for operation of
nonprofitable facilities which necessitate regulatory body approval to
eliminate.

(c) The market or actual value of all outstanding capital stock and
debt.

(d) The utility operating income, capitalized in the manner and at
such rate or rates as shall be just and reasonable.

(e) Such other information or evidence as to value as may be obtained
that will enable the property valuation department to determine the fair
market value of the property of such public utility.

The fair market value of affiliated properties separately assessed, or the
nonoperating properties of such companies, or both, shall be ascertained
and determined as nearly as possible and deducted from the total unit
value of the properties of such companies if such properties are included in
the unit value. Except for the property of any entity enumerated in
subsection (b) of K.S.A. 79-5a01(b), and amendments thereto, and insofar
as it is practicable to do so, the same method of evaluating the properties
of the companies separately assessed or nonoperating properties, or both, shall be used as was used in determining the unit value of such companies. All property of any entity enumerated in subsection (b) of K.S.A. 79-5a01(b), and amendments thereto, shall be valued by the county or district appraiser in the same manner as provided by law for the valuation of the same type or class of property in the county.

Sec. 3. K.S.A. 79-1412a is hereby amended to read as follows: 79-1412a. (a) County appraisers and district appraisers shall perform the following duties:

First. Install and maintain such records and data relating to all property in the county, taxable and exempt, as may be required by the director of property valuation.

Second. Annually, as of January 1, supervise the listing and appraisal annually, as of January 1, of all real estate and personal property in the county subject to taxation except state-appraised property and supervise the appraisal of such property.

Third. Attend meetings of the county board of equalization for the purpose of aiding such board in the proper discharge of its duties, making all records available to the county board of equalization.

Fourth. Prepare the appraisal roll and certify such rolls to the county clerk.

Fifth. Supervise the township trustees, assistants, appraisers and other employees appointed by the appraiser in the performance of their duties.

Sixth. The county appraiser or district appraiser in setting values for various types of personal property, shall conform to the values for such property as shown in the personal property appraisal guides devised or prescribed by the director of property valuation.

Seventh. Carry on continuously throughout the year the process of appraising processes necessary to appraise real property.

Eighth. If the county appraiser or district appraiser deems it advisable, such appraiser may appoint one or more advisory committees of not less than five persons representative of the various economic interests and geographic areas of the county to assist the appraiser in establishing unit land values, unit values for structures, productivity, classifications for agricultural lands, adjustments for location factors, and generally to advise on assessment procedures and methods.

Ninth. Perform such other duties as may be required by law.

(b) The director of property valuation shall give notice to county and district appraisers and county boards of equalization of any proposed changes in the guides, schedules or methodology for use in valuing property prescribed to the county and district appraisers for use in setting values for property within the county or district. Such notice shall also be published in the Kansas register and shall provide that such changes are
available for public inspection. Changes and modifications in guides, schedules or methodology for use in valuing property which are prescribed by the director of property valuation for use by county and district appraisers on or after July 1 in any year shall not be utilized in establishing the value, for the current tax year, of any property, the value of which has previously been established for such year.

(c) Notwithstanding the provisions of this section, the county appraiser or the county appraiser's designee shall not, at any time, request the following from a taxpayer:

(1) Any appraisal of the property that was conducted for the purpose of obtaining mortgage financing;
(2) any fee appraisal with an effective date more than 12 months prior to January 1 of the valuation year under appeal; or
(3) documents detailing individual lease agreements.

Nothing in this subsection shall prohibit the county appraiser or the county appraiser's designee from requesting a certified rent roll from the taxpayer.

Sec. 4. K.S.A. 79-1455 is hereby amended to read as follows: 79-1455.

(a) Except for counties which have formed appraisal districts pursuant to K.S.A. 19-425 et seq., and amendments thereto, each county shall comprise a separate appraisal unit, and the county appraiser shall have the duty of appraising all real and tangible personal property in the county.

(b) District appraisers shall have the powers and duties vested in and imposed upon county appraisers. The term "county appraiser" shall be construed to include "district appraiser."

(c) For taxable years commencing prior to January 1, 2021, each year all taxable and exempt real and tangible personal property shall be appraised by the county appraiser at its fair market value as of January 1 in accordance with K.S.A. 79-503a unless otherwise specified by law.

(d) For all taxable years commencing after December 31, 2020, the county appraiser shall appraise all taxable and exempt real and tangible personal property at its fair market value as of January 1 of the first year of the applicable triennium in accordance with K.S.A. 79-503a, and amendments thereto, unless otherwise specified by law, and such value shall be utilized for each taxable year during the applicable triennium.

For any improvement to existing property or any other property for which a valuation has not been established as of January 1 of the first year of a triennium, such property shall be listed as of January 1 of the remaining taxable years of such triennium and valued as though it had existed as of January 1 of the first year of the applicable triennium.

Sec. 5. 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
accordance with the law. 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 in accordance
with the law. Commencing in 2000, every parcel of real property shall be
actually viewed and inspected by the county or district appraiser 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 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 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 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. 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 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
year 2003, and all such years thereafter, shall not be less than 11% nor
more than 12%.

Based on the foregoing procedures, the director of property valuation
shall make an annual a 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.

For all taxable years commencing after December 31, 2020, the
director of property valuation shall make a triennial determination of the
value of land within each of the various classes of land devoted to
agricultural use within each county or homogeneous region as of January 1 of the first year of a triennium and furnish the same to the several county appraisers.

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 does 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. 6. K.S.A. 79-5a04, 79-1412a, 79-1455 and 79-1476 are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.