AN ACT concerning property valuation; relating to land devoted to agricultural use; amending K.S.A. 2013 Supp. 79-1476 and repealing the existing section.

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

Section 1. K.S.A. 2013 Supp. 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 appraiser once every six years. Any county or district appraiser shall be deemed to be in compliance with the foregoing requirement in any year if 17% or more of the parcels in such county or district are actually viewed and inspected.

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 court 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 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 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 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 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 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 immediately precedes the year of valuation, plus a percentage not less than .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 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. It shall be presumed
that the non-productive areas of an operating unit, devoted to the
production of crops and animals is also land devoted to agricultural use.

Land devoted to agricultural use shall not include those lands which are
used for recreational purposes, other than that 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,
suburban residential acreages, rural home sites or farm home sites and
yard plots whose primary function is for residential or recreational
purposes even though such properties may produce or maintain some of
those plants or animals listed in the foregoing definition. Nothing in this
section shall prevent a landowner, a tenant or their guests from
occasionally hunting and fishing on an agricultural tract classified as land
devoted to agricultural 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 court of tax appeals.

Sec. 2. K.S.A. 2013 Supp. 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.