

HOUSE BILL No. 2293

By Representative Rhiley

2-13

1 AN ACT concerning property taxation; relating to valuation of real
2 property; land devoted to agricultural use; amending K.S.A. 2018
3 Supp. 79-1476 and repealing the existing section.
4

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

6 Section 1. K.S.A. 2018 Supp. 79-1476 is hereby amended to read as
7 follows: 79-1476. The director of property valuation is hereby directed
8 and empowered to administer and supervise a statewide program of
9 reappraisal of all real property located within the state. Except as
10 otherwise authorized by K.S.A. 19-428, and amendments thereto, each
11 county shall comprise a separate appraisal district under such program, and
12 the county appraiser shall have the duty of reappraising all of the real
13 property in the county pursuant to guidelines and timetables prescribed by
14 the director of property valuation and of updating the same on an annual
15 basis. In the case of multi-county appraisal districts, the district appraiser
16 shall have the duty of reappraising all of the real property in each of the
17 counties comprising the district pursuant to such guidelines and timetables
18 and of updating the same on an annual basis. Commencing in 2000, every
19 parcel of real property shall be actually viewed and inspected by the
20 county or district appraiser once every six years.

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

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

31 In addition thereto valuations shall be established for each parcel of
32 land devoted to agricultural use upon the basis of the agricultural income
33 or productivity attributable to the inherent capabilities of such land in its
34 current usage under a degree of management reflecting median production
35 levels in the manner hereinafter provided. A classification system for all
36 land devoted to agricultural use shall be adopted by the director of

1 property valuation using criteria established by the United States
2 department of agriculture soil conservation service. For all taxable years
3 commencing after December 31, 1989, all land devoted to agricultural use
4 which is subject to the federal conservation reserve program shall be
5 classified as cultivated dry land for the purpose of valuation for property
6 tax purposes pursuant to this section. For all taxable years commencing
7 after December 31, 1999, all land devoted to agricultural use which is
8 subject to the federal wetlands reserve program shall be classified as native
9 grassland for the purpose of valuation for property tax purposes pursuant
10 to this section. *Prior to July 1, 2020*, productivity of land devoted to
11 agricultural use shall be determined for all land classes within each county
12 or homogeneous region based on an average of the eight calendar years
13 immediately preceding the calendar year which immediately precedes the
14 year of valuation, at a degree of management reflecting median production
15 levels. *On and after July 1, 2020*, productivity of land devoted to
16 agricultural use shall be determined for all land classes within each
17 county or homogenous region based on an average of the calendar year
18 immediately preceding the calendar year that immediately precedes the
19 year of valuation, at a degree of management reflecting median
20 production levels. The director of property valuation shall determine
21 median production levels based on information available from state and
22 federal crop and livestock reporting services, the soil conservation service,
23 and any other sources of data that the director considers appropriate.

24 The share of net income from land in the various land classes within
25 each county or homogeneous region which is normally received by the
26 landlord shall be used as the basis for determining agricultural income for
27 all land devoted to agricultural use except pasture or rangeland. The net
28 income normally received by the landlord from such land shall be
29 determined by deducting expenses normally incurred by the landlord from
30 the share of the gross income normally received by the landlord. The net
31 rental income normally received by the landlord from pasture or rangeland
32 within each county or homogeneous region shall be used as the basis for
33 determining agricultural income from such land. The net rental income
34 from pasture and rangeland which is normally received by the landlord
35 shall be determined by deducting expenses normally incurred from the
36 gross income normally received by the landlord. *Prior to July 1, 2020*,
37 commodity prices, crop yields and pasture and rangeland rental rates and
38 expenses shall be based on an average of the eight calendar years
39 immediately preceding the calendar year which immediately precedes the
40 year of valuation. *On and after July 1, 2020*, commodity prices, crop
41 yields and pasture and rangeland rental rates and expenses shall be based
42 on an average of the calendar year immediately preceding the calendar
43 year that immediately precedes the year of valuation. Net income for every

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

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

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

22 For the purpose of the foregoing provisions of this section the phrase
23 "land devoted to agricultural use" shall mean and include land, regardless
24 of whether it is located in the unincorporated area of the county or within
25 the corporate limits of a city, which is devoted to the production of plants,
26 animals or horticultural products, including, but not limited to: Forages;
27 grains and feed crops; dairy animals and dairy products; poultry and
28 poultry products; beef cattle, sheep, swine and horses; bees and apiary
29 products; trees and forest products; fruits, nuts and berries; vegetables;
30 nursery, floral, ornamental and greenhouse products. Land devoted to
31 agricultural use shall include land established as a controlled shooting area
32 pursuant to K.S.A. 32-943, and amendments thereto, which shall be
33 deemed to be land devoted to agricultural use. If a parcel has land devoted
34 to agricultural purposes and land used for suburban residential acreages,
35 rural home sites or farm home sites, the county appraiser shall determine
36 the amount of the parcel used for agricultural purposes and value and
37 assess it accordingly as land devoted to agricultural purposes. The county
38 appraiser shall then determine the amount of the remaining land used for
39 such other purposes and value and assess that land according to its use.

40 The term "expenses" shall mean those expenses typically incurred in
41 producing the plants, animals and horticultural products described above
42 including management fees, production costs, maintenance and
43 depreciation of fences, irrigation wells, irrigation laterals and real estate

1 taxes, but the term shall not include those expenses incurred in providing
2 temporary or permanent buildings used in the production of such plants,
3 animals and horticultural products.

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

8 Sec. 2. K.S.A. 2018 Supp. 79-1476 is hereby repealed.

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