

**SENATE BILL No. 554**

By Committee on Assessment and Taxation

3-9

1 AN ACT concerning property taxation; relating to classification; land  
2 devoted to agricultural use; definition; agritourism activity and zoos;  
3 amending K.S.A. 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. 79-1476 is hereby amended to read as follows: 79-  
7 1476. The director of property valuation is hereby directed and empowered  
8 to administer and supervise a statewide program of reappraisal of all real  
9 property located within the state. Except as otherwise authorized by  
10 K.S.A. 19-428, and amendments thereto, each county shall comprise a  
11 separate appraisal district under such program, and the county appraiser  
12 shall have the duty of reappraising all of the real property in the county  
13 pursuant to guidelines and timetables prescribed by the director of  
14 property valuation and of updating the same on an annual basis. In the case  
15 of multi-county appraisal districts, the district appraiser shall have the duty  
16 of reappraising all of the real property in each of the counties comprising  
17 the district pursuant to such guidelines and timetables and of updating the  
18 same on an annual basis. Commencing in 2000, every parcel of real  
19 property shall be actually viewed and inspected by the county or district  
20 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~~ *natural resources* conservation service. For  
3 all taxable years commencing after December 31, 1989, all land devoted to  
4 agricultural use—~~which~~ *that* is subject to the federal conservation reserve  
5 program shall be classified as cultivated dry land for the purpose of  
6 valuation for property tax purposes pursuant to this section. For all taxable  
7 years commencing after December 31, 1999, all land devoted to  
8 agricultural use—~~which~~ *that* is subject to the federal wetlands reserve  
9 program shall be classified as native grassland for the purpose of valuation  
10 for property tax purposes pursuant to this section. Productivity of land  
11 devoted to agricultural use shall be determined for all land classes within  
12 each county or homogeneous region based on an average of the eight  
13 calendar years immediately preceding the calendar year—~~which~~ *that*  
14 immediately precedes the year of valuation, at a degree of management  
15 reflecting median production levels. The director of property valuation  
16 shall determine median production levels based on information available  
17 from state and federal crop and livestock reporting services, the—~~soil~~  
18 *natural resources* conservation service, and any other sources of data that  
19 the director considers appropriate.

20 The share of net income from land in the various land classes within  
21 each county or homogeneous region—~~which~~ *that* is normally received by  
22 the landlord shall be used as the basis for determining agricultural income  
23 for all land devoted to agricultural use except pasture or rangeland. The net  
24 income normally received by the landlord from such land shall be  
25 determined by deducting expenses normally incurred by the landlord from  
26 the share of the gross income normally received by the landlord. The net  
27 rental income normally received by the landlord from pasture or rangeland  
28 within each county or homogeneous region shall be used as the basis for  
29 determining agricultural income from such land. The net rental income  
30 from pasture and rangeland—~~which~~ *that* is normally received by the  
31 landlord shall be determined by deducting expenses normally incurred  
32 from the gross income normally received by the landlord. Commodity  
33 prices, crop yields and pasture and rangeland rental rates and expenses  
34 shall be based on an average of the eight calendar years immediately  
35 preceding the calendar year—~~which~~ *that* immediately precedes the year of  
36 valuation. Net income for every land class within each county or  
37 homogeneous region shall be capitalized at a rate determined to be the sum  
38 of the contract rate of interest on new federal land bank loans in Kansas on  
39 July 1 of each year averaged over a five-year period—~~which~~ *that* includes  
40 the five years immediately preceding the calendar year which immediately  
41 precedes the year of valuation, plus a percentage not less than 0.75% nor  
42 more than 2.75%, as determined by the director of property valuation,  
43 except that the capitalization rate calculated for property tax year 2003,

1 and all such years thereafter, shall not be less than 11% nor more than  
2 12%.

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

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

15 For the purpose of the foregoing provisions of this section, the phrase  
16 "land devoted to agricultural use" shall mean and include land, regardless  
17 of whether it is located in the unincorporated area of the county or within  
18 the corporate limits of a city, ~~which~~ *that* is devoted to the production of  
19 plants, animals or horticultural products, including, but not limited to:  
20 Forages; grains and feed crops; dairy animals and dairy products; poultry  
21 and poultry products; beef cattle, sheep, swine and horses; bees and apiary  
22 products; trees and forest products; fruits, nuts and berries; vegetables;  
23 *and* nursery, floral, ornamental and greenhouse products. "Land devoted to  
24 agricultural use" shall include land established as a controlled shooting  
25 area pursuant to K.S.A. 32-943, and amendments thereto, which shall be  
26 deemed to be land devoted to agricultural use. *"Land devoted to*  
27 *agricultural use" shall include land that is utilized by zoos that hold a*  
28 *valid class C exhibitor license issued by the United States department of*  
29 *agriculture. "Land devoted to agricultural use" shall include land*  
30 *otherwise devoted to the production of plants, animals or horticultural*  
31 *products that is incidentally used for agritourism activity as defined in*  
32 *K.S.A. 32-1432, and amendments thereto.* If a parcel has land devoted to  
33 agricultural purposes and land used for suburban residential acreages, rural  
34 home sites or farm home sites, the county appraiser shall determine the  
35 amount of the parcel used for agricultural purposes and value and assess it  
36 accordingly as land devoted to agricultural purposes. The county appraiser  
37 shall then determine the amount of the remaining land used for such other  
38 purposes and value and assess that land according to its use.

39 The term "expenses" shall mean those expenses typically incurred in  
40 producing the plants, animals and horticultural products described above,  
41 including management fees, production costs, maintenance and  
42 depreciation of fences, irrigation wells, irrigation laterals and real estate  
43 taxes, but the term shall not include those expenses incurred in providing

1 temporary or permanent buildings used in the production of such plants,  
2 animals and horticultural products.

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

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

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