

**SENATE BILL No. 450**

By Committee on Ways and Means

3-25

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1 AN ACT concerning property taxation; relating to the valuation of land  
2 devoted to agricultural use; amending K.S.A. 2013 Supp. 79-1476 and  
3 repealing the existing section.  
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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2013 Supp. 79-1476 is hereby amended to read as  
7 follows: 79-1476. The director of property valuation is hereby directed and  
8 empowered to administer and supervise a statewide program of reappraisal  
9 of all real property located within the state. Except as otherwise authorized  
10 by 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. Any county or district appraiser shall be  
21 deemed to be in compliance with the foregoing requirement in any year if  
22 17% or more of the parcels in such county or district are actually viewed  
23 and inspected.

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

31 Valuations shall be established for each parcel of real property at its fair  
32 market value in money in accordance with the provisions of K.S.A. 79-  
33 503a, and amendments thereto.

34 In addition thereto valuations shall be established for each parcel of  
35 land devoted to agricultural use upon the basis of the agricultural income  
36 or productivity attributable to the inherent capabilities of such land in its

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

22 The share of net income from land in the various land classes within  
23 each county or homogeneous region which is normally received by the  
24 landlord shall be used as the basis for determining agricultural income for  
25 all land devoted to agricultural use except pasture or rangeland. The net  
26 income normally received by the landlord from such land shall be  
27 determined by deducting expenses normally incurred by the landlord from  
28 the share of the gross income normally received by the landlord. The net  
29 rental income normally received by the landlord from pasture or rangeland  
30 within each county or homogeneous region shall be used as the basis for  
31 determining agricultural income from such land. The net rental income  
32 from pasture and rangeland which is normally received by the landlord  
33 shall be determined by deducting expenses normally incurred from the  
34 gross income normally received by the landlord. Commodity prices, crop  
35 yields and pasture and rangeland rental rates and expenses shall be based  
36 on an average of the eight calendar years immediately preceding the  
37 calendar year which immediately precedes the year of valuation. Net  
38 income for every land class within each county or homogeneous region  
39 shall be capitalized at a rate determined to be ~~the sum of~~ the contract rate  
40 of interest on new federal land bank loans in Kansas on July 1 of each year  
41 averaged over a five-year period which includes the five years  
42 immediately preceding the calendar year which immediately precedes the  
43 year of valuation, ~~plus a percentage not less than .75% nor more than~~

1 2.75%, as determined by the director of property valuation, except that the  
2 capitalization rate calculated for property tax year 2003, and all such years  
3 thereafter, shall not be less than 11% nor more than 12%.

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

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

16 For the purpose of the foregoing provisions of this section the phrase  
17 "land devoted to agricultural use" shall mean and include land, regardless  
18 of whether it is located in the unincorporated area of the county or within  
19 the corporate limits of a city, which is devoted to the production of plants,  
20 animals or horticultural products, including, but not limited to: Forages;  
21 grains and feed crops; dairy animals and dairy products; poultry and  
22 poultry products; beef cattle, sheep, swine and horses; bees and apiary  
23 products; trees and forest products; fruits, nuts and berries; vegetables;  
24 nursery, floral, ornamental and greenhouse products. Land devoted to  
25 agricultural use shall not include those lands which are used for  
26 recreational purposes, other than that land established as a controlled  
27 shooting area pursuant to K.S.A. 32-943, and amendments thereto, which  
28 shall be deemed to be land devoted to agricultural use, suburban  
29 residential acreages, rural home sites or farm home sites and yard plots  
30 whose primary function is for residential or recreational purposes even  
31 though such properties may produce or maintain some of those plants or  
32 animals listed in the foregoing definition.

33 The term "expenses" shall mean those expenses typically incurred in  
34 producing the plants, animals and horticultural products described above  
35 including management fees, production costs, maintenance and  
36 depreciation of fences, irrigation wells, and irrigation laterals and real  
37 estate taxes, but the term shall not include *real estate taxes* or those  
38 expenses incurred in providing temporary or permanent buildings used in  
39 the production of such plants, animals and horticultural products.

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

1       Sec. 2.   K.S.A. 2013 Supp. 79-1476 is hereby repealed.

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