Session of 2025

HOUSE BILL No. 2035

By Representative Proctor

1-21

AN ACT concerning property taxation; relating to classification of land devoted to agricultural use; including trail rides as a ranching activity to qualify as an agritourism activity; amending K.S.A. 2024 Supp. 79-1476 and repealing the existing section.

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

Section 1. K.S.A. 2024 Supp. 79-1476 is hereby amended to read as follows: 79-1476. (a) 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.

(b) 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.

(c) (1) 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 natural resources conservation service.

(A) For all taxable years commencing after December 31, 1989, all land devoted to agricultural use that 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, except that

for all taxable years commencing after December 31, 2022, all land devoted to agricultural use that is subject to the federal grassland conservation reserve program (CRP grasslands) shall be classified as grassland for the purpose of valuation for property tax purposes pursuant to this section.

(B) For all taxable years commencing after December 31, 1999, all land devoted to agricultural use that 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.

(2) 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 that 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 natural resources conservation service, and any other sources of data that the director considers appropriate.

(d) The share of net income from land in the various land classes within each county or homogeneous region 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 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 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 that includes the five years immediately preceding the calendar year which 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%.

(e) Based on the procedures provided in this section, 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.

(f) 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.

(g) As used in this section:

(1) (A) "Land devoted to agricultural use" means and includes land, regardless of whether it is located in the unincorporated area of the county or within the corporate limits of a city, that 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; and nursery, floral, ornamental and greenhouse products.

(B) "Land devoted to agricultural use" includes land:

(i) 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;

(ii) that is utilized by zoos that hold a valid class C exhibitor license issued by the United States department of agriculture; and

(iii) for all taxable years commencing after December 31, 2020, that is otherwise devoted to the production of plants, animals or horticultural products that is utilized as part of a registered agritourism activity at a registered agritourism location by a registered agritourism operator pursuant to K.S.A. 32-1432, and amendments thereto, including, but not limited to, all land and buildings, whether permanent or temporary, that are utilized for such agritourism activity. For purposes of this clause, the selling of any items, products, services or merchandise associated with the registered agritourism activity by a registered agritourism operator that includes, but is not limited to, point of sales from either land or buildings, shall not change the classification of the agricultural land or buildings as a result of such sales.

(2) "Agritourism activity" means any activity that allows members of the general public, for recreational, entertainment or educational purposes, to view or enjoy rural activities, including, but not limited to, farming activities, ranching activities *to include trail rides* or historic, cultural or

natural attractions. An activity may be an "agritourism activity" whether or not the participant pays to participate in the activity. An activity is not an "agritourism activity" if the participant is paid to participate in the activity.

(h) 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.

(i) The term "expenses" means 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. "Expenses" does not include those expenses incurred in providing temporary or permanent buildings used in the production of such plants, animals and horticultural products.

(j) The provisions of this section 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. 2. K.S.A. 2024 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.