

Approved On: 3/30/87

Minutes of the House Committee on Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on March 26, 1987 in room 519 South at the Capitol of the State of Kansas.

The following members were absent (excused):

Representatives Aylward, Fuller, Adam, Smith

Committee staff present:

Tom Severn, Legislative Research  
Chris Courtright, Legislative Research  
Don Hayward, Reviser of Statutes  
Millie Foose, Committee Secretary

Mr. Chip Wheelen, of Pete McGill & Associates, representing Kansas Legislative Policy Group, spoke as a proponent for SB-305 - AN ACT relating to property taxation; concerning the valuation of land devoted to agricultural use. It is the Group's belief that it would be unfair to the other taxpayers in the state to change the usage category from cropland to grassland as a result of the introduction of a government program that purposely interferes with the normal economics of farming. (Attachment 1) General discussion followed and questions from committee members.

Mr. John Blythe, Assistant Director Public Affairs Division Kansas Farm Bureau, also spoke as a proponent. They believe that the amendment on lines 54 through 57 is a reasonable and fair solution to the use-value appraisal of land placed in the Conservation Reserve Program. (Attachment 2)

Mr. Bob Walters spoke for the Property Valuation Department and explained the Senate amendment to the bill.

After many questions and considerable discussion, the public hearing on SB-305 was concluded.

There being no further business, the chairman adjourned the meeting.



Ed C. Rolfs, Chairman



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## Kansas Legislative Policy Group

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TIMOTHY N. HAGEMANN, Executive Director

March 26, 1987

TESTIMONY  
to  
HOUSE TAXATION COMMITTEE  
Senate Bill 305

Mr. Chairman and members of the Committee, I am Chip Wheelen of Pete McGill and Associates. We represent the Kansas Legislative Policy Group which is an organization of rural county commissioners. We appear today in support of SB 305.

As you probably recall, the 1985 Legislature made a conscious policy decision to require that during the process of reappraising all real estate, that farmland be appraised using the income approach to value. This is commonly referred to as use value appraisal and is a significant departure from the traditional sales comparison method of valuing agricultural real estate.

The 1985 Legislature also decided to categorize farmland based upon its usage at the time of appraisal rather than the land's potential best use. A good illustration of the difference is to consider a parcel of farmland with a soil type that is capable of generating a certain income per acre by producing crops. For whatever reason, the owner decides instead to plant grass and use that parcel for pasture. As a result, the measure

of ability to return income is substantially less than it would have been if crops had been planted.

Since the time that the 1985 Legislature made these decisions, a new federal program has complicated our illustration. Now, the same farmer is provided a third option. By participating in the federal conservation reserve program, the same parcel of good cropland can be planted with grass, not be used for grazing livestock, and the net income to the farmer is probably greater than under either of the other two options. Furthermore, the farmer is relieved of the risks normally involved in producing crops or livestock.

We respectfully submit that it would be unfair to the other taxpayers in the county to change the usage category of that parcel from cropland to grassland as a result of the introduction of a government program that purposely interferes with the normal economics of farming. For that reason, we request that you recommend SB 305 for passage.

Thank you for your consideration.



# PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON TAXATION

## S.B. 305 -- Use-Value Appraisal for Cropland when in CRP

March 26, 1987  
Topeka, Kansas

Presented by:  
John K. Blythe, Assistant Director  
Public Affairs Division  
Kansas Farm Bureau

Mr. Chairman and Members of the Committee:

I am John K. Blythe, Assistant Director of the Public Affairs Division of Kansas Farm Bureau. These brief comments are on behalf of the farmers and ranchers who are members of Farm Bureau in Kansas. We are here as proponents of S.B. 305.

We believe that the amendment on line 54 through line 57 is a reasonable and fair solution to the use-value appraisal of land placed in the Conservation Reserve Program. When the land comes out of the CRP it will then be valued as to its current use. If it is returned to crop land it will be appraised as crop land but if it remains in grass it would be appraised as grassland.

As noted in the "brief of the bill," proponents cited the potential property valuation reduction and therefore revenue loss to local units of government if the land in the Conservation Reserve Program were to appraised as grassland.

We thank you for the opportunity to present these brief comments in support of S.B. 305.