

SESSION OF 2002

SUPPLEMENTAL NOTE ON SENATE BILL NO. 553

As Amended by House Committee on
Taxation

Brief*

SB 553, as amended, would require the Director of Property Valuation (PVD) to submit a report on or before September 1, 2002, relating to the history of agricultural land valuation procedures pursuant to KSA 79-1476.

Specifically, the report would be required to include a summary of changes in each class of land implemented within the past ten years, when such change was made, and an explanation of the rationale for each change.

The report would be required to be submitted to the Governor, the Legislative Coordinating Council, the House Taxation Committee, the Senate Assessment and Taxation Committee, and via the Internet, to be made available to the public.

A final provision would amend the statutory formula relating to use valuation of agricultural land to provide that the capitalization rate for all years beginning in 2003 be set at not less than 11 percent and not more than 12 percent.

Background

Proponents included the Kansas Farm Bureau and the Kansas Livestock Association, the latter of whom suggested the House Taxation Committee amendments.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/cgi-bin/fulltext/bills.cgi>

The original bill also would have required submission of the report to the Senate President, House Speaker, and chairs and ranking members of both tax committees. The Senate Committee of the Whole amendment changed the submission requirements and added the requirement that the report be made available to the public on the Internet.

The House Taxation Committee amended the bill to include the amendment to the capitalization rate formula. The amendment was offered by Representative Larkin, who noted that it was designed to prevent agricultural land values from increasing by as much as they are expected to increase under current law. Data provided by PVD indicate that if the provision had been in effect in 2002, statewide assessed valuation for agricultural land would have been reduced by about \$45.8 million. Assuming the amendment would have that impact for 2003 and future years would produce the following fiscal impact on the state property tax levies:

	\$ in millions		
	School	State	Total
	Finance Local Effort	Building Funds	
FY 2003	--	--	--
FY 2004	(\$0.540)	(\$0.041)	(\$0.581)
FY 2005	(\$0.898)	(\$0.067)	(\$0.965)
FY 2006	(\$0.898)	(\$0.067)	(\$0.965)
FY 2007	(\$0.898)	(\$0.067)	(\$0.965)
Five-Year Total	(\$3.234)	(\$0.242)	(\$3.476)