

HOUSE BILL No. 2035

By Representative Proctor

1-21

1 AN ACT concerning property taxation; relating to classification of land
2 devoted to agricultural use; including trail rides as a ranching activity to
3 qualify as an agritourism activity; amending K.S.A. 2024 Supp. 79-
4 1476 and repealing the existing section.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2024 Supp. 79-1476 is hereby amended to read as
8 follows: 79-1476. (a) The director of property valuation is hereby directed
9 and empowered to administer and supervise a statewide program of
10 reappraisal of all real property located within the state. Except as
11 otherwise authorized by K.S.A. 19-428, and amendments thereto, each
12 county shall comprise a separate appraisal district under such program, and
13 the county appraiser shall have the duty of reappraising all of the real
14 property in the county pursuant to guidelines and timetables prescribed by
15 the director of property valuation and of updating the same on an annual
16 basis. In the case of multi-county appraisal districts, the district appraiser
17 shall have the duty of reappraising all of the real property in each of the
18 counties comprising the district pursuant to such guidelines and timetables
19 and of updating the same on an annual basis. Commencing in 2000, every
20 parcel of real property shall be actually viewed and inspected by the
21 county or district appraiser once every six years.

22 (b) Valuations shall be established for each parcel of real property at
23 its fair market value in money in accordance with the provisions of K.S.A.
24 79-503a, and amendments thereto.

25 (c) (1) Valuations shall be established for each parcel of land devoted
26 to agricultural use upon the basis of the agricultural income or productivity
27 attributable to the inherent capabilities of such land in its current usage
28 under a degree of management reflecting median production levels in the
29 manner hereinafter provided. A classification system for all land devoted
30 to agricultural use shall be adopted by the director of property valuation
31 using criteria established by the United States department of agriculture
32 natural resources conservation service.

33 (A) For all taxable years commencing after December 31, 1989, all
34 land devoted to agricultural use that is subject to the federal conservation
35 reserve program shall be classified as cultivated dry land for the purpose
36 of valuation for property tax purposes pursuant to this section, except that

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

6 (B) For all taxable years commencing after December 31, 1999, all
7 land devoted to agricultural use that is subject to the federal wetlands
8 reserve program shall be classified as native grassland for the purpose of
9 valuation for property tax purposes pursuant to this section.

10 (2) Productivity of land devoted to agricultural use shall be
11 determined for all land classes within each county or homogeneous region
12 based on an average of the eight calendar years immediately preceding the
13 calendar year that immediately precedes the year of valuation, at a degree
14 of management reflecting median production levels. The director of
15 property valuation shall determine median production levels based on
16 information available from state and federal crop and livestock reporting
17 services, the natural resources conservation service, and any other sources
18 of data that the director considers appropriate.

19 (d) The share of net income from land in the various land classes
20 within each county or homogeneous region that is normally received by
21 the landlord shall be used as the basis for determining agricultural income
22 for all land devoted to agricultural use except pasture or rangeland. The net
23 income normally received by the landlord from such land shall be
24 determined by deducting expenses normally incurred by the landlord from
25 the share of the gross income normally received by the landlord. The net
26 rental income normally received by the landlord from pasture or rangeland
27 within each county or homogeneous region shall be used as the basis for
28 determining agricultural income from such land. The net rental income
29 from pasture and rangeland that is normally received by the landlord shall
30 be determined by deducting expenses normally incurred from the gross
31 income normally received by the landlord. Commodity prices, crop yields
32 and pasture and rangeland rental rates and expenses shall be based on an
33 average of the eight calendar years immediately preceding the calendar
34 year that immediately precedes the year of valuation. Net income for every
35 land class within each county or homogeneous region shall be capitalized
36 at a rate determined to be the sum of the contract rate of interest on new
37 federal land bank loans in Kansas on July 1 of each year averaged over a
38 five-year period that includes the five years immediately preceding the
39 calendar year which immediately precedes the year of valuation, plus a
40 percentage not less than 0.75% nor more than 2.75%, as determined by the
41 director of property valuation, except that the capitalization rate calculated
42 for property tax year 2003, and all such years thereafter, shall not be less
43 than 11% nor more than 12%.

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

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

13 (g) As used in this section:

14 (1) (A) "Land devoted to agricultural use" means and includes land,
15 regardless of whether it is located in the unincorporated area of the county
16 or within the corporate limits of a city, that is devoted to the production of
17 plants, animals or horticultural products, including, but not limited to:
18 Forages; grains and feed crops; dairy animals and dairy products; poultry
19 and poultry products; beef cattle, sheep, swine and horses; bees and apiary
20 products; trees and forest products; fruits, nuts and berries; vegetables; and
21 nursery, floral, ornamental and greenhouse products.

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

23 (i) Established as a controlled shooting area pursuant to K.S.A. 32-
24 943, and amendments thereto, which shall be deemed to be land devoted to
25 agricultural use;

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

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

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

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

4 (h) If a parcel has land devoted to agricultural purposes and land used
5 for suburban residential acreages, rural home sites or farm home sites, the
6 county appraiser shall determine the amount of the parcel used for
7 agricultural purposes and value and assess it accordingly as land devoted
8 to agricultural purposes. The county appraiser shall then determine the
9 amount of the remaining land used for such other purposes and value and
10 assess that land according to its use.

11 (i) The term "expenses" means those expenses typically incurred in
12 producing the plants, animals and horticultural products described above,
13 including management fees, production costs, maintenance and
14 depreciation of fences, irrigation wells, irrigation laterals and real estate
15 taxes. "Expenses" does not include those expenses incurred in providing
16 temporary or permanent buildings used in the production of such plants,
17 animals and horticultural products.

18 (j) The provisions of this section shall not be construed to conflict
19 with any other provisions of law relating to the appraisal of tangible
20 property for taxation purposes including the equalization processes of the
21 county and state board of tax appeals.

22 Sec. 2. K.S.A. 2024 Supp. 79-1476 is hereby repealed.

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