

HOUSE BILL No. 2400

By Committee on Taxation

Requested by Representative Proctor on behalf of Tonya Theis of the Watkins "C"
Ranch

3-5

1 AN ACT concerning agritourism; including trail rides as a ranching
2 activity to qualify as an agritourism activity; classifying such land as
3 used for agritourism for purposes of property tax valuation as
4 agricultural land; amending K.S.A. 2024 Supp. 32-1432 and 79-1476
5 and repealing the existing sections.
6

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

8 Section 1. K.S.A. 2024 Supp. 32-1432 is hereby amended to read as
9 follows: 32-1432. As used in K.S.A. 32-1430 through 32-1438, and
10 amendments thereto:

11 (a) "Agritourism activity" means any activity which allows members
12 of the general public, for recreational, entertainment or educational
13 purposes, to view or enjoy rural activities, including, but not limited to,
14 farming activities, ranching activities *to include trail rides* or historic,
15 cultural or natural attractions. An activity may be an agritourism activity
16 whether or not the participant pays to participate in the activity. An activity
17 is not an agritourism activity if the participant is paid to participate in the
18 activity.

19 (b) "Inherent risks of a registered agritourism activity" means those
20 dangers or conditions which are an integral part of such agritourism
21 activity including, but not limited to, certain hazards such as surface and
22 subsurface conditions; natural conditions of land, vegetation, and waters;
23 the behavior of wild or domestic animals; and ordinary dangers of
24 structures or equipment ordinarily used in farming or ranching operations.
25 "Inherent risks of a registered agritourism activity" also includes the
26 potential of a participant to act in a negligent manner that may contribute
27 to injury to the participant or others, such as failing to follow instructions
28 given by the registered agritourism operator or failing to exercise
29 reasonable caution while engaging in the registered agritourism activity.

30 (c) "Participant" means any person who engages in a registered
31 agritourism activity.

32 (d) "Registered agritourism activity" means any agritourism activity
33 registered with the secretary pursuant to K.S.A. 32-1433, and amendments
34 thereto.

1 (e) "Registered agritourism location" means a specific parcel of land
2 which is registered with the secretary pursuant to K.S.A. 32-1433, and
3 amendments thereto, and where a registered agritourism operator engages
4 in registered agritourism activities.

5 (f) "Registered agritourism operator" means any person who is
6 engaged in the business of providing one or more agritourism activities
7 and is registered with the secretary pursuant to K.S.A. 32-1433, and
8 amendments thereto.

9 (g) "Secretary" means the secretary of commerce.

10 Sec. 2. K.S.A. 2024 Supp. 79-1476 is hereby amended to read as
11 follows: 79-1476. (a) The director of property valuation is hereby directed
12 and empowered to administer and supervise a statewide program of
13 reappraisal of all real property located within the state. Except as
14 otherwise authorized by K.S.A. 19-428, and amendments thereto, each
15 county shall comprise a separate appraisal district under such program, and
16 the county appraiser shall have the duty of reappraising all of the real
17 property in the county pursuant to guidelines and timetables prescribed by
18 the director of property valuation and of updating the same on an annual
19 basis. In the case of multi-county appraisal districts, the district appraiser
20 shall have the duty of reappraising all of the real property in each of the
21 counties comprising the district pursuant to such guidelines and timetables
22 and of updating the same on an annual basis. Commencing in 2000, every
23 parcel of real property shall be actually viewed and inspected by the
24 county or district appraiser once every six years.

25 (b) Valuations shall be established for each parcel of real property at
26 its fair market value in money in accordance with the provisions of K.S.A.
27 79-503a, and amendments thereto.

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

36 (A) For all taxable years commencing after December 31, 1989, all
37 land devoted to agricultural use that is subject to the federal conservation
38 reserve program shall be classified as cultivated dry land for the purpose
39 of valuation for property tax purposes pursuant to this section, except that
40 for all taxable years commencing after December 31, 2022, all land
41 devoted to agricultural use that is subject to the federal grassland
42 conservation reserve program (CRP grasslands) shall be classified as
43 grassland for the purpose of valuation for property tax purposes pursuant

1 to this section.

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

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

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

40 (e) Based on the procedures provided in this section, the director of
41 property valuation shall make an annual determination of the value of land
42 within each of the various classes of land devoted to agricultural use
43 within each county or homogeneous region and furnish the same to the

1 several county appraisers who shall classify such land according to its
2 current usage and apply the value applicable to such class of land
3 according to the valuation schedules prepared and adopted by the director
4 of property valuation under the provisions of this section.

5 (f) It is the intent of the legislature that appraisal judgment and
6 appraisal standards be followed and incorporated throughout the process of
7 data collection and analysis and establishment of values pursuant to this
8 section.

9 (g) As used in this section:

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

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

19 (i) Established as a controlled shooting area pursuant to K.S.A. 32-
20 943, and amendments thereto, which shall be deemed to be land devoted to
21 agricultural use;

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

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

36 (2) "Agritourism activity" means any activity that allows members of
37 the general public, for recreational, entertainment or educational purposes,
38 to view or enjoy rural activities, including, but not limited to, farming
39 activities, ranching activities *to include trail rides* or historic, cultural or
40 natural attractions. An activity may be an "agritourism activity" whether or
41 not the participant pays to participate in the activity. An activity is not an
42 "agritourism activity" if the participant is paid to participate in the activity.

43 (h) If a parcel has land devoted to agricultural purposes and land used

1 for suburban residential acreages, rural home sites or farm home sites, the
2 county appraiser shall determine the amount of the parcel used for
3 agricultural purposes and value and assess it accordingly as land devoted
4 to agricultural purposes. The county appraiser shall then determine the
5 amount of the remaining land used for such other purposes and value and
6 assess that land according to its use.

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

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

18 Sec. 3. K.S.A. 2024 Supp. 32-1432 and 79-1476 are hereby repealed.

19 Sec. 4. This act shall take effect and be in force from and after its
20 publication in the statute book.