

SENATE BILL No. 178

By Committee on Ways and Means

2-10

1 AN ACT concerning property taxation; relating to valuation of real
2 property; amending K.S.A. 2014 Supp. 79-1476 and repealing the
3 existing section.
4

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

6 Section 1. K.S.A. 2014 Supp. 79-1476 is hereby amended to read as
7 follows: 79-1476. The director of property valuation is hereby directed and
8 empowered to administer and supervise a statewide program of reappraisal
9 of all real property located within the state. Except as otherwise authorized
10 by K.S.A. 19-428, and amendments thereto, each county shall comprise a
11 separate appraisal district under such program, and the county appraiser
12 shall have the duty of reappraising all of the real property in the county
13 pursuant to guidelines and timetables prescribed by the director of
14 property valuation and of updating the same on an annual basis. In the case
15 of multi-county appraisal districts, the district appraiser shall have the duty
16 of reappraising all of the real property in each of the counties comprising
17 the district pursuant to such guidelines and timetables and of updating the
18 same on an annual basis. Commencing in 2000, every parcel of real
19 property shall be actually viewed and inspected by the county or district
20 appraiser once every six years. Any county or district appraiser shall be
21 deemed to be in compliance with the foregoing requirement in any year if
22 17% or more of the parcels in such county or district are actually viewed
23 and inspected.

24 ~~Compilation of data for the initial preparation or updating of~~
25 ~~inventories for each parcel of real property and entry thereof into the state~~
26 ~~computer system as provided for in K.S.A. 79-1477, and amendments~~
27 ~~thereto, shall be completed not later than January 1, 1989. Whenever the~~
28 ~~director determines that reappraisal of all real property within a county is~~
29 ~~complete, notification thereof shall be given to the governor and to the~~
30 ~~state board of tax appeals.~~

31 Valuations shall be established for each parcel of real property at its fair
32 market value in money in accordance with the provisions of K.S.A. 79-
33 503a, and amendments thereto.

34 In addition thereto valuations shall be established for each parcel of
35 land devoted to agricultural use upon the basis of the agricultural income
36 or productivity attributable to the inherent capabilities of such land in its

1 ~~current usage under a degree of management reflecting median production~~
2 ~~levels in the manner hereinafter provided based on cash rental rates~~
3 ~~typically received by the landlord from such land.~~ A classification system
4 for all land devoted to agricultural use shall be adopted by the director of
5 property valuation using criteria established by the United States
6 department of agriculture-~~soil~~ *natural resources* conservation service. For
7 all taxable years commencing after December 31, 1989, all land devoted to
8 agricultural use which is subject to the federal conservation reserve
9 program shall be classified as cultivated dry land for the purpose of
10 valuation for property tax purposes pursuant to this section. For all taxable
11 years commencing after December 31, 1999, all land devoted to
12 agricultural use which is subject to the federal wetlands reserve program
13 shall be classified as native grassland for the purpose of valuation for
14 property tax purposes pursuant to this section. Productivity of land devoted
15 to agricultural use shall be determined for all land classes within each
16 county or homogeneous region based on an average of the ~~eight five~~
17 ~~calendar years immediately preceding the calendar year which~~
18 ~~immediately precedes the year of valuation, at a degree of management~~
19 ~~reflecting median production levels.~~ The director of property valuation
20 shall determine ~~median production levels~~ *cash rental rates* based on
21 information available from state and federal crop and livestock reporting
22 services, the ~~soil~~ *natural resources* conservation service, and any other
23 sources of data that the director considers appropriate.

24 ~~The share of net income~~ *Cash rental rates* from land in the various land
25 classes within each county or homogeneous region which is ~~normally~~
26 ~~typically~~ received by the landlord shall be used as the basis for
27 determining ~~agricultural income~~ *the valuation* for all land devoted to
28 agricultural use ~~except pasture or rangeland.~~ ~~The net income normally~~
29 ~~received by the landlord from such land shall be determined by deducting~~
30 ~~expenses normally incurred by the landlord from the share of the gross~~
31 ~~income normally received by the landlord.~~ ~~The net rental income normally~~
32 ~~received by the landlord from pasture or rangeland within each county or~~
33 ~~homogeneous region shall be used as the basis for determining agricultural~~
34 ~~income from such land.~~ ~~The net rental income from pasture and rangeland~~
35 ~~which is normally received by the landlord shall be determined by~~
36 ~~deducting expenses normally incurred from the gross income normally~~
37 ~~received by the landlord.~~ ~~Commodity prices, crop yields and pasture and~~
38 ~~rangeland~~ ~~Such cash rental rates and expenses~~ shall be based on an
39 average of the ~~eight five~~ calendar years immediately preceding the
40 calendar year which immediately precedes the year of valuation. ~~Net~~
41 ~~income~~ ~~Such cash rental rates~~ for every land class within each county or
42 homogeneous region shall be capitalized at a rate determined to be ~~the sum~~
43 ~~of the contract rate of interest on new federal land bank loans in Kansas on~~

1 July 1 of each year averaged over a five-year period which includes the
2 five years immediately preceding the calendar year which immediately
3 precedes the year of valuation, ~~plus a percentage not less than 0.75% nor~~
4 ~~more than 2.75%, as determined by the director of property valuation,~~
5 ~~except that the capitalization rate calculated for property tax year 2003,~~
6 ~~and all such years thereafter, shall not be less than 11% nor more than~~
7 ~~12%.~~

8 Based on the foregoing procedures the director of property valuation
9 shall make an annual determination of the value of land within each of the
10 various classes of land devoted to agricultural use within each county or
11 homogeneous region and furnish the same to the several county appraisers
12 who shall classify such land according to its current usage and apply the
13 value applicable to such class of land according to the valuation schedules
14 prepared and adopted by the director of property valuation under the
15 provisions of this section.

16 It is the intent of the legislature that appraisal judgment and appraisal
17 standards be followed and incorporated throughout the process of data
18 collection and analysis and establishment of values pursuant to this
19 section.

20 For the purpose of the foregoing provisions of this section the phrase
21 "land devoted to agricultural use" shall mean and include land, regardless
22 of whether it is located in the unincorporated area of the county or within
23 the corporate limits of a city, which is devoted to the production of plants,
24 animals or horticultural products, including, but not limited to: Forages;
25 grains and feed crops; dairy animals and dairy products; poultry and
26 poultry products; beef cattle, sheep, swine and horses; bees and apiary
27 products; trees and forest products; fruits, nuts and berries; vegetables;
28 nursery, floral, ornamental and greenhouse products. Land devoted to
29 agricultural use shall not include those lands which are used for
30 recreational purposes, ~~other than that land established as a controlled~~
31 ~~shooting area pursuant to K.S.A. 32-943, and amendments thereto, which~~
32 ~~shall be deemed to be land devoted to agricultural use;~~ suburban
33 residential acreages, rural home sites or farm home sites and yard plots
34 whose primary function is for residential or recreational purposes even
35 though such properties may produce or maintain some of those plants or
36 animals listed in the foregoing definition.

37 The term "expenses" shall mean those expenses typically incurred in
38 producing the plants, animals and horticultural products described above
39 including management fees, production costs, maintenance and
40 depreciation of fences, irrigation wells, irrigation laterals and real estate
41 taxes, but the term shall not include those expenses incurred in providing
42 temporary or permanent buildings used in the production of such plants,
43 animals and horticultural products.

1 The provisions of this act shall not be construed to conflict with any
2 other provisions of law relating to the appraisal of tangible property for
3 taxation purposes including the equalization processes of the county and
4 state board of tax appeals.

5 Sec. 2. K.S.A. 2014 Supp. 79-1476 is hereby repealed.

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