

HOUSE BILL No. 2254

By Representative Neelly

2-1

1 AN ACT concerning property taxation; relating to classification of land,  
2 including properties used for registered agritourism activities as land  
3 devoted to agricultural use; amending K.S.A. 2022 Supp. 79-1476 and  
4 repealing the existing section.  
5

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

7 Section 1. K.S.A. 2022 Supp. 79-1476 is hereby amended to read as  
8 follows: 79-1476. (a) The director of property valuation is hereby  
9 directed and empowered to administer and supervise a statewide program  
10 of 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 ~~Compilation of data for the initial preparation or updating of~~  
23 ~~inventories for each parcel of real property and entry thereof into the state~~  
24 ~~computer system as provided for in K.S.A. 79-1477, and amendments~~  
25 ~~thereto, shall be completed not later than January 1, 1989. Whenever the~~  
26 ~~director determines that reappraisal of all real property within a county is~~  
27 ~~complete, notification thereof shall be given to the governor and to the~~  
28 ~~state board of tax appeals.~~

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

32 ~~In addition thereto, (c) (1)~~ Valuations shall be established for each  
33 parcel of land devoted to agricultural use upon the basis of the agricultural  
34 income or productivity attributable to the inherent capabilities of such land  
35 in its current usage under a degree of management reflecting median  
36 production levels in the manner hereinafter provided. A classification

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Agritourism

1 system for all land devoted to agricultural use shall be adopted by the  
2 director of property valuation using criteria established by the United  
3 States department of agriculture natural resources conservation service.

4 (A) For all taxable years commencing after December 31, 1989, all  
5 land devoted to agricultural use that is subject to the federal conservation  
6 reserve program shall be classified as cultivated dry land for the purpose  
7 of valuation for property tax purposes pursuant to this section, except that  
8 for all taxable years commencing after December 31, 2022, all land  
9 devoted to agricultural use that is subject to the federal grassland  
10 conservation reserve program (CRP grasslands) shall be classified as  
11 grassland for the purpose of valuation for property tax purposes pursuant  
12 to this section.

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

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

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

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

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

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

20 For the purpose of the foregoing provisions of (g) As used in this  
21 section, the phrase:

22 (1) (A) "Land devoted to agricultural use" shall mean means and  
23 ~~that~~ includes land, regardless of whether it is located in the  
24 unincorporated area of the county or within the corporate limits of a city,  
25 that is devoted to the production of plants, animals or horticultural  
26 products, including, but not limited to: Forages; grains and feed crops;  
27 dairy animals and dairy products; poultry and poultry products; beef cattle,  
28 sheep, swine and horses; bees and apairy products; trees and forest  
29 products; fruits, nuts and berries; vegetables; and nursery, floral,  
30 ornamental and greenhouse products.

31 (B) "Land devoted to agricultural use" shall include includes land.

32 (i) Established as a controlled shooting area pursuant to K.S.A. 32-  
33 943, and amendments thereto, which shall be deemed to be land devoted to  
34 agricultural use. ~~"Land devoted to agricultural use" shall include land.~~

35 (ii) that is utilized by zoos that hold a valid class C exhibitor license  
36 issued by the United States department of agriculture. ~~"Land devoted to  
37 agriculture" shall include land;~~ and

38 (iii) otherwise devoted to the production of plants, animals or  
39 horticultural products ~~that is inherently used for agritourism activity; and~~

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40 ~~that is utilized as part of a registered agritourism activity at a~~  
41 registered agritourism location by a registered agritourism operator  
42 pursuant to K.S.A. 32-1432, and amendments thereto, including, but not  
43 limited to, all land and buildings, whether permanent or temporary that

1 are utilized for such agritourism activity. For purposes of this clause, the  
 2 selling of any items by a registered agritourism operator that includes, but  
 3 is not limited to, sales made from either land or buildings shall not  
 4 change the classification of the land as a result of such sales. For purposes  
 5 of this section,

6 (2) "Agritourism activity" means any activity that allows members of  
 7 the general public, for recreational, entertainment or educational purposes,  
 8 to view or enjoy rural activities, including, but not limited to, farming  
 9 activities, ranching activities or historic, cultural or natural attractions. An  
 10 activity may be an "agritourism activity" whether or not the participant  
 11 pays to participate in the activity. An activity is not an "agritourism  
 12 activity" if the participant is paid to participate in the activity.

13 (h) If a parcel has land devoted to agricultural purposes and land used  
 14 for suburban residential acreages, rural home sites or farm home sites, the  
 15 county appraiser shall determine the amount of the parcel used for  
 16 agricultural purposes and value and assess it accordingly as land devoted  
 17 to agricultural purposes. The county appraiser shall then determine the  
 18 amount of the remaining land used for such other purposes and value and  
 19 assess that land according to its use.

20 (i) The term "expenses" shall mean means those expenses typically  
 21 incurred in producing the plants, animals and horticultural products  
 22 described above, including management fees, production costs,  
 23 maintenance and depreciation of fences, irrigation wells, irrigation laterals  
 24 and real estate taxes, but the term shall. "Expenses" does not include those  
 25 expenses incurred in providing temporary or permanent buildings used in  
 26 the production of such plants, animals and horticultural products.

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

31 Sec. 2. K.S.A. 2022 Supp. 79-1476 is hereby repealed.

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

, products, services or merchandise associated with the  
 registered agritourism activity,

point of

agricultural

or buildings