

1 [As Amended by House Committee of the Whole]

2  
3 As Further Amended by House Committee

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5 [As Amended by House Committee of the Whole]

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7 As Amended by House Committee

8 *Session of 2001*

9  
10 **HOUSE BILL No. 2396**

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12  
13 By Representatives McCreary, Cook, Dahl, DeCastro, Faber, Gordon,  
14 Hermes, Huebert, Humerickhouse, Hutchins, Kauffman, Lightner, P.  
15 Long, Mason, Mayans, Merrick, Judy Morrison, Myers, Novascone,  
16 Palmer, Toplikar, Vickrey and D. Williams

17  
18 2-7

19  
20 AN ACT relating to property taxation; limiting annual increases in prop-  
21 erty valuation; ~~concerning the agricultural use valuation capital-~~  
22 ~~ization rate; [concerning the school district homestead property~~  
23 ~~tax exemption; limiting budget expenditures from revenue pro-~~  
24 ~~duced therefrom; providing for the deferral thereof;] amending~~  
25 ~~K.S.A. 2000 Supp. [79-201x and] 79-1476 and repealing the ex-~~  
26 ~~isting section [sections; also repealing K.S.A. 2000 Supp. 79-~~  
27 ~~2025b].~~

28  
29 *Be it enacted by the Legislature of the State of Kansas:*

30 Section 1. (a) Except as otherwise provided by subsection (b), the  
31 appraised valuation of all property established in accordance with the  
32 provisions of K.S.A. 79-503a, and amendments thereto, for utilization for  
33 a taxable year for property taxation purposes shall not exceed the product  
34 of the appraised valuation of such property established for such purposes  
35 for the next preceding taxable year multiplied by a fraction the numerator  
36 of which is the average consumer price index for all urban consumers  
37 published by the federal department of labor as of the close of the 12-  
38 month period ending on August 31 of the first calendar year preceding  
39 the appropriate taxable year and the denominator of which is such index  
40 as of such period ending on August 31 of the second calendar year pre-  
41 ceeding the appropriate taxable year. **[the average of the percentage**  
42 **increase or decrease of the appraised valuation of such property**  
43 **established for such purposes for the next preceding five taxable**

1 years, except that, with respect to property the valuation for which  
2 has been established for less than the next preceding five taxable  
3 years, such valuation shall be multiplied by such average calcu-  
4 lated over all of such preceding years.]

5 (b) The appraised valuation for new or newly improved real property  
6 shall, in its initial year of valuation, be based upon the comparison with  
7 values of other real property of known or recognized value which is sub-  
8 ject to the provisions of paragraph (a). The provisions of subsection (a)  
9 shall be applicable to the appraised valuation of new property or new  
10 improvements to property for the taxable years next following the taxable  
11 year for which such valuation is initially established and utilized for prop-  
12 erty taxation purposes.

13 (c) The provisions of this section shall be applicable to all taxable  
14 years commencing after December 31, ~~2001~~ 2002.

15 **Sec. 2.—K.S.A. 2000 Supp. 79-1476 is hereby amended to read**  
16 **as follows: 79-1476. The director of property valuation is hereby**  
17 **directed and empowered to administer and supervise a statewide**  
18 **program of reappraisal of all real property located within the state.**  
19 **Except as otherwise authorized by K.S.A. 19-428, and amendments**  
20 **thereto, each county shall comprise a separate appraisal district**  
21 **under such program, and the county appraiser shall have the duty**  
22 **of reappraising all of the real property in the county pursuant to**  
23 **guidelines and timetables prescribed by the director of property**  
24 **valuation and of updating the same on an annual basis. In the case**  
25 **of multi-county appraisal districts, the district appraiser shall have**  
26 **the duty of reappraising all of the real property in each of the**  
27 **counties comprising the district pursuant to such guidelines and**  
28 **timetables and of updating the same on an annual basis. Com-**  
29 **mencing in 2000, every parcel of real property shall be actually**  
30 **viewed and inspected by the county or district appraiser once**  
31 **every six years. Any county or district appraiser shall be deemed**  
32 **to be in compliance with the foregoing requirement in any year if**  
33 **17% or more of the parcels in such county or district are actually**  
34 **viewed and inspected.**

35 ~~—Compilation of data for the initial preparation or updating of~~  
36 ~~inventories for each parcel of real property and entry thereof into~~  
37 ~~the state computer system as provided for in K.S.A. 79-1477, and~~  
38 ~~amendments thereto, shall be completed not later than January 1,~~  
39 ~~1989. Whenever the director determines that reappraisal of all~~  
40 ~~real property within a county is complete, notification thereof shall~~  
41 ~~be given to the governor and to the state board of tax appeals.~~

42 ~~—Valuations shall be established for each parcel of real property~~  
43 ~~at its fair market value in money in accordance with the provisions~~

1 of K.S.A. 79-503a, and amendments thereto:

2 —In addition thereto valuations shall be established for each par-  
3 cel of land devoted to agricultural use upon the basis of the agri-  
4 cultural income or productivity attributable to the inherent capa-  
5 bilities of such land in its current usage under a degree of  
6 management reflecting median production levels in the manner  
7 hereinafter provided. A classification system for all land devoted  
8 to agricultural use shall be adopted by the director of property  
9 valuation using criteria established by the United States depart-  
10 ment of agriculture soil conservation service. For all taxable years  
11 commencing after December 31, 1989, all land devoted to agri-  
12 cultural use which is subject to the federal conservation reserve  
13 program shall be classified as cultivated dry land for the purpose  
14 of valuation for property tax purposes pursuant to this section. For  
15 all taxable years commencing after December 31, 1999, all land  
16 devoted to agricultural use which is subject to the federal wetlands  
17 reserve program shall be classified as native grassland for the pur-  
18 pose of valuation for property tax purposes pursuant to this sec-  
19 tion. Productivity of land devoted to agricultural use shall be de-  
20 termined for all land classes within each county or homogeneous  
21 region based on an average of the eight calendar years immedi-  
22 ately preceding the calendar year which immediately precedes the  
23 year of valuation, at a degree of management reflecting median  
24 production levels. The director of property valuation shall deter-  
25 mine median production levels based on information available  
26 from state and federal crop and livestock reporting services, the  
27 soil conservation service, and any other sources of data that the  
28 director considers appropriate.

29 —The share of net income from land in the various land classes  
30 within each county or homogeneous region which is normally re-  
31 ceived by the landlord shall be used as the basis for determining  
32 agricultural income for all land devoted to agricultural use except  
33 pasture or rangeland. The net income normally received by the  
34 landlord from such land shall be determined by deducting ex-  
35 penses normally incurred by the landlord from the share of the  
36 gross income normally received by the landlord. The net rental  
37 income normally received by the landlord from pasture or range-  
38 land within each county or homogeneous region shall be used as  
39 the basis for determining agricultural income from such land. The  
40 net rental income from pasture and rangeland which is normally  
41 received by the landlord shall be determined by deducting ex-  
42 penses normally incurred from the gross income normally re-  
43 ceived by the landlord. Commodity prices, crop yields and pasture

1 and rangeland rental rates and expenses shall be based on an av-  
2 erage of the eight calendar years immediately preceding the cal-  
3 endar year which immediately precedes the year of valuation. Net  
4 [For all taxable years commencing after December 31, 2000, net]  
5 income for every land class within each county or homogeneous  
6 region shall be capitalized at a rate determined to be the sum of  
7 the contract rate of interest on new federal land bank loans in  
8 Kansas on July 1 of each year averaged over a five-year period  
9 which includes the five years immediately preceding the calendar  
10 year which immediately precedes the year of valuation, plus a per-  
11 centage not less than ~~.75%~~ 2% nor more than ~~2.75%~~ 4%, as deter-  
12 mined by the director of property valuation.

13 —Based on the foregoing procedures the director of property val-  
14 uation shall make an annual determination of the value of land  
15 within each of the various classes of land devoted to agricultural  
16 use within each county or homogeneous region and furnish the  
17 same to the several county appraisers who shall classify such land  
18 according to its current usage and apply the value applicable to  
19 such class of land according to the valuation schedules prepared  
20 and adopted by the director of property valuation under the pro-  
21 visions of this section.

22 —It is the intent of the legislature that appraisal judgment and  
23 appraisal standards be followed and incorporated throughout the  
24 process of data collection and analysis and establishment of values  
25 pursuant to this section.

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

1 **definition:**

2 ~~—The term “expenses” shall mean those expenses typically in-~~  
3 ~~curred in producing the plants, animals and horticultural products~~  
4 ~~described above including management fees, production costs,~~  
5 ~~maintenance and depreciation of fences, irrigation wells, irriga-~~  
6 ~~tion laterals and real estate taxes, but the term shall not include~~  
7 ~~those expenses incurred in providing temporary or permanent~~  
8 ~~buildings used in the production of such plants, animals and hor-~~  
9 ~~ticultural products.~~

10 ~~—The provisions of this act shall not be construed to conflict with~~  
11 ~~any other provisions of law relating to the appraisal of tangible~~  
12 ~~property for taxation purposes including the equalization pro-~~  
13 ~~cesses of the county and state board of tax appeals.~~

14 ~~[ Sec. 3. K.S.A. 2000 Supp. 79-201x is hereby amended to read~~  
15 ~~as follows: 79-201x. For taxable years 1999 and 2000 2001 and 2002,~~  
16 ~~the following described property, to the extent herein specified,~~  
17 ~~shall be and is hereby exempt from the property tax levied pur-~~  
18 ~~suant to the provisions of K.S.A. 72-6431, and amendments~~  
19 ~~thereto: Property used for residential purposes to the extent of~~  
20 ~~\$20,000 \$30,000 of its appraised valuation.~~

21 ~~—[New Sec. 4. (a) Whenever the governing body of any city,~~  
22 ~~county, township, municipal university, community college or any~~  
23 ~~other political subdivision which levies or certifies a levy of ad~~  
24 ~~valorem property taxes proposes the adoption of a budget of ex-~~  
25 ~~penditures for any year to be funded by the levy of ad valorem~~  
26 ~~property taxes which exceed 103% of the amount of ad valorem~~  
27 ~~taxes levied in the next preceding year for such purpose, it shall~~  
28 ~~provide notice thereof in the notice required by K.S.A. 79-2929,~~  
29 ~~and amendments thereto. If a petition containing the signatures~~  
30 ~~of not less than 10% of the registered voters of such taxing sub-~~  
31 ~~division is filed within 30 days after the date of the budget hearing~~  
32 ~~required by K.S.A. 79-2933, and amendments thereto, with the~~  
33 ~~appropriate county election officer, requesting an election on~~  
34 ~~whether the budget shall be funded by such increased ad valorem~~  
35 ~~taxes, an election thereon shall be conducted in the same manner~~  
36 ~~as prescribed for elections under the mail ballot election act,~~  
37 ~~K.S.A. 25-431 et seq., and amendments thereto, except that ballots~~  
38 ~~may be sent to electors at any time not less than three days pre-~~  
39 ~~ceding the date of the election. If such an election is held, no ad~~  
40 ~~valorem taxes shall be levied in excess of the amount levied to fund~~  
41 ~~the budget of expenditures for the next preceding year unless ap-~~  
42 ~~proved by a majority of the electors voting in such election.~~

43 ~~—[(b) The provisions of subsection (a) shall not apply to or limit~~

1 ~~the levy of ad valorem taxes for the payment of principal and in-~~  
2 ~~terest on bonds, temporary notes and no fund warrants or judg-~~  
3 ~~ments rendered against any such taxing subdivision.~~

4 ~~—[Sec. 5. (a) For all taxable years commencing after December~~  
5 ~~31, 2001, property tax levied upon residential property owned and~~  
6 ~~occupied by any person 65 years of age or older which is attrib-~~  
7 ~~utable to the increase of the appraised valuation thereof shall be~~  
8 ~~deferred until six months after the date of the final settlement of~~  
9 ~~the estate of such person or such person's spouse if 65 years of age~~  
10 ~~or older or, on the date of sale of such property, whichever date~~  
11 ~~is earlier. Such deferred tax shall be paid, collected and distributed~~  
12 ~~in accordance with the law applicable to the ordinary payment,~~  
13 ~~collection and distribution of property tax.~~

14 ~~—[(b) The director of property valuation shall adopt rules and~~  
15 ~~regulations necessary to accomplish the purposes of this section.]~~

16 ~~—Sec. 3. [6.] K.S.A. 2000 Supp. [70-201x and] 79-1476 is [and 79-~~  
17 ~~2025b are] hereby repealed.~~

18 Sec. ~~2.~~ **4.** ~~[7.]~~ **2.** This act shall take effect and be in force from and  
19 after its publication in the statute book.

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