

SENATE BILL No. 179

By Committee on Assessment and Taxation

1-31

AN ACT relating to property taxation; concerning the valuation of land devoted to agricultural use; amending K.S.A. 2000 Supp. 79-1476 and repealing the existing section.

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

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

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

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

In addition thereto valuations shall be established for each parcel of land devoted to agricultural use upon the basis of the agricultural income

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

23 The share of net income from land in the various land classes within
24 each county or homogeneous region which is normally received by the
25 landlord shall be used as the basis for determining agricultural income
26 for all land devoted to agricultural use except pasture or rangeland. The
27 net income normally received by the landlord from such land shall be
28 determined by deducting expenses normally incurred by the landlord
29 from the share of the gross income normally received by the landlord.
30 The net rental income normally received by the landlord from pasture or
31 rangeland within each county or homogeneous region shall be used as
32 the basis for determining agricultural income from such land. The net
33 rental income from pasture and rangeland which is normally received by
34 the landlord shall be determined by deducting expenses normally in-
35 curred from the gross income normally received by the landlord. Com-
36 modity prices, crop yields and pasture and rangeland rental rates and
37 expenses shall be based on an average of the eight calendar years im-
38 mediately preceding the calendar year which immediately precedes the
39 year of valuation. Net income for every land class within each county or
40 homogeneous region shall be capitalized at a rate determined to be the
41 sum of the contract rate of interest on new federal land bank loans in
42 Kansas on July 1 of each year averaged over a five-year period which
43 includes the five years immediately preceding the calendar year which

1 immediately precedes the year of valuation, plus a percentage not less
2 than .75% nor more than 2.75%, as determined by the director of prop-
3 erty valuation.

4 Based on the foregoing procedures the director of property valuation
5 shall make an annual determination of the value of land within each of
6 the various classes of land devoted to agricultural use within each county
7 or homogeneous region and furnish the same to the several county ap-
8 praisers who shall classify such land according to its current usage and
9 apply the value applicable to such class of land according to the valuation
10 schedules prepared and adopted by the director of property valuation
11 under the provisions of this section. *Notwithstanding the foregoing, any*
12 *county or district appraiser may apply adverse influence factors to any*
13 *such value and deviate from such value accordingly.*

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

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

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

42 The provisions of this act shall not be construed to conflict with any
43 other provisions of law relating to the appraisal of tangible property for

1 taxation purposes including the equalization processes of the county and
2 state board of tax appeals.

3 Sec. 2. K.S.A. 2000 Supp. 79-1476 is hereby repealed.

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

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