

**SENATE BILL No. 565**

By Committee on Assessment and Taxation

3-14

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1 AN ACT concerning property taxation; relating to classification and  
2 valuation; land devoted to agricultural use; classifying such land that is  
3 subject to the federal grassland conservation reserve program as  
4 grassland; amending K.S.A. 79-1476 and repealing the existing section.  
5

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

7 Section 1. K.S.A. 79-1476 is hereby amended to read as follows: 79-  
8 1476. The director of property valuation is hereby directed and empowered  
9 to administer and supervise a statewide program of reappraisal of all real  
10 property located within the state. Except as otherwise authorized by  
11 K.S.A. 19-428, and amendments thereto, each county shall comprise a  
12 separate appraisal district under such program, and the county appraiser  
13 shall have the duty of reappraising all of the real property in the county  
14 pursuant to guidelines and timetables prescribed by the director of  
15 property valuation and of updating the same on an annual basis. In the case  
16 of multi-county appraisal districts, the district appraiser shall have the duty  
17 of reappraising all of the real property in each of the counties comprising  
18 the district pursuant to such guidelines and timetables and of updating the  
19 same on an annual basis. Commencing in 2000, every parcel of real  
20 property shall be actually viewed and inspected by the county or district  
21 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 Valuations shall be established for each parcel of real property at its fair  
30 market value in money in accordance with the provisions of K.S.A. 79-  
31 503a, and amendments thereto.

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

1 land devoted to agricultural use shall be adopted by the director of  
2 property valuation using criteria established by the United States  
3 department of agriculture–~~soil~~ *natural resources* conservation service. For  
4 all taxable years commencing after December 31, 1989, all land devoted to  
5 agricultural use–~~which~~ *that* is subject to the federal conservation reserve  
6 program shall be classified as cultivated dry land for the purpose of  
7 valuation for property tax purposes pursuant to this section, *except that for*  
8 *all taxable years commencing after December 31, 2022, all land devoted*  
9 *to agricultural use that is subject to the federal grassland conservation*  
10 *reserve program (CRP grasslands) shall be classified as grassland for the*  
11 *purpose of valuation for property tax purposes pursuant to this section.*  
12 For all taxable years commencing after December 31, 1999, all land  
13 devoted to agricultural use–~~which~~ *that* is subject to the federal wetlands  
14 reserve program shall be classified as native grassland for the purpose of  
15 valuation for property tax purposes pursuant to this section. Productivity of  
16 land devoted to agricultural use shall be determined for all land classes  
17 within each county or homogeneous region based on an average of the  
18 eight calendar years immediately preceding the calendar year–~~which~~ *that*  
19 *immediately precedes the year of valuation, at a degree of management*  
20 *reflecting median production levels. The director of property valuation*  
21 *shall determine median production levels based on information available*  
22 *from state and federal crop and livestock reporting services, the–~~soil~~*  
23 *natural resources* conservation service; and any other sources of data that  
24 the director considers appropriate.

25 The share of net income from land in the various land classes within  
26 each county or homogeneous region–~~which~~ *that* is normally received by  
27 the landlord shall be used as the basis for determining agricultural income  
28 for all land devoted to agricultural use except pasture or rangeland. The net  
29 income normally received by the landlord from such land shall be  
30 determined by deducting expenses normally incurred by the landlord from  
31 the share of the gross income normally received by the landlord. The net  
32 rental income normally received by the landlord from pasture or rangeland  
33 within each county or homogeneous region shall be used as the basis for  
34 determining agricultural income from such land. The net rental income  
35 from pasture and rangeland–~~which~~ *that* is normally received by the  
36 landlord shall be determined by deducting expenses normally incurred  
37 from the gross income normally received by the landlord. Commodity  
38 prices, crop yields and pasture and rangeland rental rates and expenses  
39 shall be based on an average of the eight calendar years immediately  
40 preceding the calendar year–~~which~~ *that* immediately precedes the year of  
41 valuation. Net income 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~~ *that* includes  
2 the 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~~ *that* is devoted to the production of  
24 plants, animals or horticultural products, including, but not limited to:  
25 Forages; grains and feed crops; dairy animals and dairy products; poultry  
26 and poultry products; beef cattle, sheep, swine and horses; bees and apiary  
27 products; trees and forest products; fruits, nuts and berries; vegetables;  
28 *and* nursery, floral, ornamental and greenhouse products. "Land devoted to  
29 agricultural use" shall include land established as a controlled shooting  
30 area pursuant to K.S.A. 32-943, and amendments thereto, which shall be  
31 deemed to be land devoted to agricultural use. If a parcel has land devoted  
32 to agricultural purposes and land used for suburban residential acreages,  
33 rural home sites or farm home sites, the county appraiser shall determine  
34 the amount of the parcel used for agricultural purposes and value and  
35 assess it accordingly as land devoted to agricultural purposes. The county  
36 appraiser shall then determine the amount of the remaining land used for  
37 such other purposes and value and assess that land according to its use.

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

1 animals and horticultural products.

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

6 Sec. 2. K.S.A. 79-1476 is hereby repealed.

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