Session of 2021

HOUSE BILL No. 2023

By Representative Highland

12-31

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

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

6 Section 1. K.S.A. 79-1476 is hereby amended to read as follows: 79-7 The director of property valuation is hereby directed and 1476. 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 of multi-county appraisal districts, the district appraiser shall have the duty 15 16 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 17 same on an annual basis. Commencing in 2000, every parcel of real 18 19 property shall be actually viewed and inspected by the county or district 20 appraiser once every six years.

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. 79503a, 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 or productivity attributable to the inherent capabilities of such land in its current usage under a degree of management reflecting median production levels in the manner hereinafter provided. A classification system for all land devoted to agricultural use shall be adopted by the director of

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

20 The share of net income from land in the various land classes within 21 each county or homogeneous region-which that is normally received by 22 the landlord shall be used as the basis for determining agricultural income 23 for all land devoted to agricultural use except pasture or rangeland. The net 24 income normally received by the landlord from such land shall be 25 determined by deducting expenses normally incurred by the landlord from 26 the share of the gross income normally received by the landlord. The net 27 rental income normally received by the landlord from pasture or rangeland 28 within each county or homogeneous region shall be used as the basis for 29 determining agricultural income from such land. The net rental income 30 from pasture and rangeland which that is normally received by the 31 landlord shall be determined by deducting expenses normally incurred 32 from the gross income normally received by the landlord. Commodity 33 prices, crop yields and pasture and rangeland rental rates and expenses 34 shall be based on an average of the eight calendar years immediately 35 preceding the calendar year-which that immediately precedes the year of 36 valuation. Net income for every land class within each county or 37 homogeneous region shall be capitalized at a rate determined to be the sum 38 of the contract rate of interest on new federal land bank loans in Kansas on 39 July 1 of each year averaged over a five-year period-which that includes 40 the five years immediately preceding the calendar year-which that 41 immediately precedes the year of valuation, plus a percentage not less than 42 0.75% nor more than 2.75%, as determined by the director of property 43 valuation, except that the capitalization rate calculated for property tax

1 year 2003, and all such years thereafter, shall not be less than 11% nor 2 more than 12%.

3 For all taxable years commencing after December 31, 2022, 4 commodity prices, crop yields and crop mix for each calendar year shall 5 be based only on data of such calendar year. Accordingly, for all taxable 6 years commencing after December 31, 2022, the director of property 7 valuation shall not use the methodology commonly referred to as the 8 method of moving averages that calculates multi-year averages for 9 commodity prices, crop yields and crop mix for each calendar year. The director shall continue to use the average of eight calendar years of 10 landlord net income for purposes of valuation as provided in this section. 11

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

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

For the purpose of the foregoing provisions of this section, the phrase 24 25 "land devoted to agricultural use" shall mean and include land, regardless of whether it is located in the unincorporated area of the county or within 26 27 the corporate limits of a city, which that is devoted to the production of 28 plants, animals or horticultural products, including, but not limited to: 29 Forages; grains and feed crops; dairy animals and dairy products; poultry and poultry products; beef cattle, sheep, swine and horses; bees and apiary 30 31 products; trees and forest products; fruits, nuts and berries; vegetables; 32 nursery, floral, ornamental and greenhouse products. Land devoted to agricultural use shall include land established as a controlled shooting area 33 34 pursuant to K.S.A. 32-943, and amendments thereto, which shall be 35 deemed to be land devoted to agricultural use. If a parcel has land devoted to agricultural purposes and land used for suburban residential acreages, 36 37 rural home sites or farm home sites, the county appraiser shall determine 38 the amount of the parcel used for agricultural purposes and value and 39 assess it accordingly as land devoted to agricultural purposes. The county 40 appraiser shall then determine the amount of the remaining land used for 41 such other purposes and value and assess that land according to its use.

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

6 The provisions of this act shall not be construed to conflict with any 7 other provisions of law relating to the appraisal of tangible property for 8 taxation purposes including the equalization processes of the county and 9 state board of tax appeals.

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

11 Sec. 3. This act shall take effect and be in force from and after its 12 publication in the statute book.