

SESSION OF 2023

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2254

As Amended by House Committee of the Whole

Brief*

HB 2254, as amended, would specify, beginning in tax year 2021, that land devoted to agricultural use would include land and buildings utilized as part of a registered agritourism activity at a registered agritourism location by a registered agritourism operator.

The selling of merchandise associated with the registered agritourism activity by the agritourism operator would not change the classification of the land or buildings as a result of such sales.

Background

The bill was introduced by Representative Neelly.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by Representative Neelly and representatives of Kansas Farm Bureau and Z&M Twisted Winery. The proponents generally stated agritourism businesses are generally agricultural in nature and should not have their property classified as commercial due to retail transactions associated with agritourism activities.

Written-only neutral testimony was provided by a representative of the Department of Commerce.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The House Committee amended the bill to specify the provision would begin in tax year 2023 and to clarify the permissible sales without resulting in reclassification of land would be those associated with the registered agritourism activity.

House Committee of the Whole

The House Committee of the Whole amended the bill to make the provision retroactive to tax year 2021.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates enactment of the bill would reduce state and local property tax receipts by an indeterminate, but likely negligible, amount. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Taxation; property tax; classification; agriculture; agritourism